

Herald Tribune

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Algeria	6.00	Amman	1.00	Beirut	1.00	Cairo	1.00	Damascus	1.00	Geneva	1.00	Hong Kong	1.00	London	1.00	Madrid	1.00	Moscow	1.00	New York	1.00	Paris	1.00	Rome	1.00	Singapore	1.00	Tokyo	1.00	Zurich	1.00
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French Avoid Full Apology

Lange Wants Compensation, Agents Tried

PARIS — The French government told New Zealand on Monday that it regretted the sinking of the ship Rainbow Warrior but it avoided a full apology.

A chronology of the events that followed the Rainbow Warrior's bombing, Page 7.

ogy or a promise that the agents involved would be punished. The External Relations Ministry said that Prime Minister Laurent Fabius had sent a message to New Zealand's prime minister, David Lange, saying he was "truly sorry" for the damage to relations.

The message was given to Mr. Lange along with the text of a statement that Mr. Fabius made Sunday night admitting that agents of the General Directorate of External Security, France's principal foreign intelligence agency, had planted the bombs. The Rainbow Warrior, the Greenpeace environmentalist group's ship, sank in Auckland harbor on July 10.

But French concern over diplomatic damage is unlikely to satisfy demands by New Zealand and Australia that France prosecute the guilty agents and offer a full apology for the attack.

Mr. Fabius said Sunday that the agents involved would not be prosecuted because they had acted on orders.

Mr. Lange accused France of a "sordid act of international state-backed terrorism."

"Having elected to declare its direct responsibility, France knows what the consequences will be," he said. He defined them as compensation for the violation of New Zealand's sovereignty, for the death of one crewman on the ship, the cost of police investigations and the loss of the ship. He said this would run into millions of dollars.

Mr. Lange predicted that France would retreat from protecting its agents, adding that the countries are not at war and that, therefore, orders were not a license to commit crimes in another country.

Last month, Mr. Fabius pledged to take immediate legal action if French citizens appeared involved. Commentators said the government backed off doing this because, if it brought the agents to trial, it would enrage the military and wreck 25 years of patient efforts to restore trust between the

(Continued on Page 2, Col. 7)



Earthquake victims, among the 3,500 known dead, were buried Sunday at San Lorenzo cemetery near Mexico City, as rescue workers continued the search for survivors in the ruins of more than 400 buildings. Page 4.

Mexico Finds Some Hope Amid the Ruins

By Alma Guillermoprieto
Washington Post Service

MEXICO CITY — A few days after the waves of the first earthquake rolled through here, Mexico's dazed residents finally have had time to survey their situation and take stock of what has been saved along with the losses.

Perhaps most important is the realization that the major part of the city survived intact after two earthquakes within 48 hours, Thursday and Friday, that measured 7.8 and 7.3 on the open-ended Richter scale.

Devastating damage was wrought on a few populous neighborhoods, but the quakes struck with almost finicky precision. While about half of the tourist area known as the Zona Rosa was shut down, waterless and dark, restaurants and boutiques on the other side of Niza Street, the major artery, were open for business.

The southern area of the city, which is generally greener, less populated and the favored place of residence of artists and intellectuals, was unscathed. In the colonial section of Coyoacan, the owner of a trendy

restaurant reported that business was brisk as usual. Most importantly, the historic area of downtown Mexico City, with its palaces and convents, some from the 16th and 17th centuries, survived with relatively little damage, even though the buildings were at the heart of the area hardest hit.

Once again the architects of those massive monuments to the Spanish empire proved their worth.

A local newspaper, Excelsior, quoted Sun-

(Continued on Page 4, Col. 5)

Deng's Policies Challenged Sharply At Close of China's Party Congress

By John Burns
New York Times Service

BEIJING — The Communist Party of China closed its national conference Monday with an unusual public airing of the policy differences between Deng Xiaoping, the reform-minded veteran who is the country's paramount leader, and more doctrinaire figures in the party hierarchy.

The conference was summoned by Mr. Deng to entrench his open-door economic policies in the five-year plan for 1986-1990, and to replace dozens of veterans with

middle-aged Deng loyalists at the top.

It ended on a discordant note as Chen Yun, a Marxist conservative, made a brusque speech that challenged Mr. Deng's position on agriculture, the play given to market forces in the economy and the downgrading of ideological indoctrination.

Some analysts read one section of Mr. Chen's speech as implying that Mr. Deng, 81, had been too autocratic in imposing his pragmatic, profit-oriented ideas on the party, but the context for this was not completely clear.

Mr. Deng defended his policies, telling the conference that the seven years of his stewardship had been one of the best periods the country has enjoyed since 1949. "We have set wrong things right," he said, referring to the scrapping of Mao's theories of class warfare in favor of policies that put the emphasis on economic well-being.

At the same time, Mr. Deng appeared to go out of his way to accommodate critics who have accused him of risking the revival of capitalism.

While promising that his policies "will by no means change," he conceded that there should be more study of Marxist theory, a crack-down on the import and production of undesirable products, and a fresh drive against "the pernicious influence of capitalism."

Mr. Chen, 80, sits with Mr. Deng on the five-member standing committee of the Politburo, the inner group that has a decisive policy voice. He has been Mr. Deng's most persistent critic at the top level, supporting moves away from the rigidities of the Mao era but cautioning against a wholesale abandonment of Marxist orthodoxy.

But until Monday's speech he had never challenged Mr. Deng so directly in public, nor so sharply.

With Mr. Deng seated on the podium nearby, Mr. Chen quoted Mao to warn of possible social disorder if the rapid abandonment of agriculture by tens of millions of peasants is not abated.

Still more sharply he reminded delegates that "we are a Communist country," and said that central planning had to remain the pillar of the economy, not market regulation that meant "blindly allowing supply and demand to determine production."

An economist, Mr. Chen also said that reducing the influence of the party departments that deal with ideology and propaganda had been a mistake, leading to widespread speculation, swindling and bribery, as well as other illegalities in pursuit of personal gain.

There are now some party members who have forsaken socialism and Communist ideals and turned their backs on serving the people, he said.

"In pursuit of their own selfish gain, they put money above all else regardless of the state's and people's interests, to the extent of violating the law and discipline," he added.

Mr. Chen even seemed to hint that Mr. Deng had enjoyed too free a hand in setting policy in recent years.

Addressing himself to the 64 younger officials promoted by the conference Sunday to the party's Central Committee, he urged them to follow the Marxist principle of democratic centralism, which theoretically provides for free-ranging discussion of policy combined with close adherence to decisions.

"Leading bodies at all levels must practice democracy fully and



Deng Xiaoping

take heed of the full range of opinions, especially differing ones," Mr. Chen said. "They should discharge their duties according to the party constitution. No individual should try to have the final say."

The criticism took an added edge with the fact that Mr. Chen, unlike some of Mr. Deng's critics, was a purge victim during the Cultural Revolution. He first was named to the Politburo in 1954, more than 20 years before Mr. Deng.

His importance was underlined last week when party spokesmen cited him and Mr. Deng as two leaders who were too important to join dozens of officials in their 70s and 80s who submitted their resignations from the Politburo and Central Committee. The others were replaced Sunday by the younger Deng loyalists.

In effect, ultimate authority now appears to be balanced finely between the two leaders, with the edge lying to Mr. Deng.

Mr. Deng's hand is expected to be strengthened further Tuesday when the new Central Committee names five to 10 new Politburo members, replacing the 10 veterans who resigned last week.

Dollar Takes Sharp Drop On World Money Markets

Reagan Acts To Reduce Unfair Trade

By Stuart Auerbach
Washington Post Service

WASHINGTON — President Ronald Reagan announced Monday a package of trade actions which, with a coordinated international attack on the high dollar, are aimed at blunting a surge of protectionist pressures in Congress.

The new presidential proposals will make it easier for American companies and the U.S. government to pursue unfair trade complaints against foreign countries and to fight piracy and counterfeiting of intellectual property protected by patents and trademarks.

The proposals also call for a \$300-million fund to counter subsidized financing by other countries that mix aid and liberal credit terms to win contracts away from American companies.

The president's program appears to be a mix of proposals previously rejected by the administration. It includes the fund for mixed credits, a pledge to use more aggressively existing laws, and a request that Congress strengthen laws against such unfair trade practices as subsidies and dumping.

"We will take all the action that is necessary to pursue our rights and interests in international commerce," and "to see that other nations live up to their obligations and their trade agreements with us," Mr. Reagan told a group of U.S. businessmen assembled Monday at the White House.

"I will not stand by and watch American businesses fail because



President Ronald Reagan announces trade package.

of unfair trading practices abroad," the president said. "I will not stand by and watch American workers lose their jobs because other nations do not play by the rules."

A senior administration official said none of the actions taken would begin easing the country's estimated \$150-billion trade deficit immediately. The official said it could take as long as a year to 18 months before the actions would show any effect.

The administration's moves, however, appeared aimed more at their immediate effect on bipartisan congressional pressure for the White House to do something about the loss of manufacturing jobs associated with the record trade deficits.

"What was announced today

Traders React As U.S. Vows To Intervene

By Axel Krause
International Herald Tribune

PARIS — The dollar fell sharply Monday on world currency markets against West European currencies and the Japanese yen, in direct response to the U.S. commitment made Sunday to force it down.

The agreement, reached in New York by finance ministers and central bankers from the United States, West Germany, Japan, Britain and France, reflected a major shift in U.S. policy toward greater intervention in the markets. This has been urged for several years by the Europeans, notably France.

There appeared to have been no major intervention by central banks on Monday. The dollar's decline apparently was due to reaction by traders.

In London, the U.S. dollar lost about six cents against the British pound, nearly 14 pence against the Deutsche mark, 11 centimes against the Swiss franc and 40 centimes against the French franc. The Tokyo exchange was closed Monday. (Story, Page 17.)

The accord in New York also was aimed at providing joint political support for President Ronald Reagan's trade policy speech made in Washington on Monday. Mr. Reagan's speech was directed at protectionism in the United States, West Europe and Japan, and the reduction of the growing U.S. trade deficit which is being fueled by a strong dollar. European officials added:

Commenting on the drop in the dollar on Monday, Karl Otto Pöhl, president of West Germany's central bank, said he hoped the "change in the exchange rate will put up resistance to the protectionist threat" in the U.S. Congress. He said in an interview in Frankfurt that he viewed as particularly significant Washington's readiness to intervene in the exchange markets if necessary.

"What is new is that the U.S. has never said so in such a strong clear way," Mr. Pöhl said, adding, "This reflects a real change in attitude." The broad agreement by the five governments to intervene in monetary markets was designed, he said, to "impress the financial markets that the central banks and governments, including the United States, care more about the exchange rate of the dollar than they did in the past."

Mr. Pöhl and other European finance officials said that they would not act in the markets with the dollar declining.

"There is no reason to do anything now," he said. "But if the dollar were to swing the other way around, I cannot say what we would do specifically."

However, Mr. Pöhl and other officials who attended the New York meeting made it clear that an intervention plan had been agreed upon and would be applied if the dollar rises again. Details of that agreement were not made public.

Intervention in the foreign exchange markets usually takes the form of large-scale selling of dollars by central banks, which have their own trading desks to place orders through dealers. According to currency experts, coordinated intervention works best when it catches traders by surprise, making it riskier for them to hold the currency under attack by the central banks.

"We do not comment with respect to when or how we intervene, which remains a policy choice," said the U.S. Treasury secretary, James A. Baker 3d, who organized the meeting.

Mr. Baker was widely praised by European officials for his role in

(Continued on Page 2, Col. 4)

Who Gave the Orders? Last Question in Greenpeace Case

By Joseph Fitchett
International Herald Tribune

PARIS — The French government's admission that espionage agents sank the Greenpeace flagship in New Zealand has focused attention on a final unanswered question: Who ordered the operation?

In framing his reply and trying to limit the political damage to France and the Socialist gov-

ernment, Prime Minister Laurent Fabius must cope with challenges from the political opposition, the armed forces, the press and even members of his Socialist Party.

NEWS ANALYSIS

When Mr. Fabius revealed Sunday the "cruel truth" of French guilt, he may have been preparing French opinion for even more damaging admissions about his government's involvement and the attempted cover-up.

Indications so far, however, point to this government explanation: The sinking of the Rainbow Warrior in Auckland, for which suspicion was bound to fall on France, was ordered by intelligence officers seeking to heighten tension with New Zealand. Their minimal aim was to stiffen French determination to protect its strategic presence in the South Pacific. Their maximum goal was to embarrass the Socialists, government sources indicated.

By blowing up the ship in harbor rather than sabotaging it at sea, the French agents hoped to avoid loss of life. But the death of a photographer who was aboard the ship lent unexpected gravity to the operation and the government's failure to admit its involvement quickly has left it boxed in domestically and internationally.

The damage to the government's prestige will be tested

next week when President François Mitterrand meets the Soviet leader, Mikhail S. Gorbachev, in Paris. Mr. Mitterrand, who in the past has strongly criticized Soviet militarism and human rights abuses, may be less comfortable in that role this time: New Zealand has accused France of engaging in "state-sponsored terrorism."

Mr. Mitterrand's position was further damaged by the spectacle of French spies bungling in the Pacific and the government being defensive and awkward in its responses to press disclosures of the scandal.

Conservative opposition parties will exploit Mr. Mitterrand's discomfiture in parliamentary elections next March.

Mr. Fabius, who has not revealed which French officials ordered the sabotage, has promised to turn over the investigation to a parliamentary inquiry panel.

The government clearly hopes to this muzzle conservative criticism by making the opposition share the responsibility for any further public disclosures. Closer oversight of the intelligence services by Parliament, which has Communist members, has consistently been rejected by the government and is anathema to the French military.

But the Socialists, who are eager to avoid alienating the armed forces, have a margin for maneuver in appealing for national solidarity behind the army.

The neo-Gaullists, the principal opposition party, have suffered in the past their share of embarrassing spy scandals, including the 1965 abduction and death in France of Mehdi Ben Barka, a Moroccan leftist leader.

In addition, the neo-Gaullists

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Eureka Is Moving Forward on a Cautious Track

By Axel Krause
International Herald Tribune

PARIS — Much uncertainty still surrounds Eureka, France's bold initiative to stimulate Western European cooperation in high technology, but the program is showing signs of moving forward.

Several industrial cooperation projects are expected to be adopted during a Eureka conference in Hannover, West Germany, Nov. 5 and 6. Bonn is expected to announce financing for the projects then. Last week, senior officials from 17 Western European governments and the European Community Commission assessed the projects.

British Foreign Office officials are preparing a Eureka meeting in London on Oct. 4 to explore funding for Eureka projects. It will be attended by bankers and industrialists from participating West European countries and EC officials.

Some doubts about the five-month-old program remain, however.

No government has yet responded to President François Mitterrand's call July 17 to join France in committing a billion francs (\$113.6 million) to Eureka. Leading European industrial companies and bankers say that government and EC financing, even in modest amounts, is a crucial first step in giving Eureka credibility.

Eureka is designed to establish partnerships between European governments, financial institutions, and leading industrial companies to develop high technology ventures.

Government money is not the main problem. In contrast to previous, heavily subsidized European ventures such as the Airbus and the Ariane space programs, Eureka must win

"We have made unusually fast progress, considering how slow European cooperation is."

Jacques Battistella
French executive

the participation of industrialists and bankers, particularly in the private sector, officials said.

Jacques Delors, president of the EC Commission, has termed this a "bottom-up" approach — companies would initiate programs, which could then receive some government or community funding.

To date, Eureka has drawn only cautious reactions from

European executives, bankers and EC officials. Several hundred companies throughout the EC, as well as Norway, Sweden, Austria and Turkey, are studying possible collaboration under Eureka.

In recent interviews, French, West German and British business executives and government officials cited uncertainties over the unclear role of governments in determining and financing projects; conflicts between governments over priorities; overlapping with existing EC research programs; and the preference of many European companies to cooperate with Japan and the United States instead of with each other.

The U.S. Strategic Defense Initiative, the research program for space-based defenses against missiles, is cited as an example of the last concern.

Another is that most of the projects announced have originated with French companies, including Matra, the Bull group, Compagnie Générale d'Electricité and Thomson SA, which are state-controlled. The sectors include telecommunications, robotics, lasers and artificial intelligence.

"The fact that we are still alone on this point is a barrier, but we are providing most of the impetus," said an executive with one of the companies.

Last week, Prime Minister Laurent Fabius ordered COE,

(Continued on Page 6, Col. 3)

INSIDE

■ More than 200,000 people are said to have fled Tripoli as heavy fighting resumed after a brief cease-fire. Page 2.

■ A concert raised money and focused attention on the problems of U.S. farmers. Page 4.

■ Hope waned for thousands buried under Mexico City's earthquake rubble. Page 4.

BUSINESS/FINANCE

■ European unemployment is likely to rise, the Organization of Economic Cooperation and Development said. Page 11.

TOMORROW

Florida may be replacing California as a bellwether state to predict trends and problems that will soon affect the rest of the United States.

200,000 Reported to Flee Tripoli As Moslem Groups Intensify Fight

By Charles P. Wallace
Los Angeles Times Service
BEIRUT — More than 200,000 people were reported to have fled the northern port of Tripoli as heavy fighting between rival Moslem groups entered its second week.

Local press reports said that large areas of Tripoli have been devastated in rocket and artillery exchanges by Moslem fundamentalists and Syrian-backed militiamen.

Police said 21 persons were

killed and 50 wounded Sunday, bringing casualties to 147 dead and 434 injured since fighting began Sept. 15.

The fighting, which has flared intermittently for the past two years, is between a fundamentalist Islamic group, the Tawheed, or Unification, movement and the Syrian-supported Arab Democratic Party.

[Fighting broke out again Monday after the collapse of a cease-fire that was in force for only 12 hours, Reuters reported from Tripoli. There were no new casualty reports. Police said residential districts far from militia battle lines were coming under artillery fire.]

More than 200,000 of the half-million residents of Tripoli, the second largest city in Lebanon about 50 miles (80 kilometers) north of Beirut, had fled to safer areas nearby, according to police.

The damage to homes and shops in the center of Tripoli was described as "beyond imagination."

by one official. Fires burned out of control as fire fighters tried in vain to battle blazes at hundreds of buildings.

Despite the scale of the fighting, the causes of the confrontation were unclear.

The majority of the members of the Arab Democratic Party are from the Alawite minority, which is estimated to total 50,000 in northern Lebanon. The Alawites are a Shiite denomination that are predominant in the Syrian government of President Hafez al-Assad.

Tawheed is led by a Moslem fundamentalist, Sheikh Said Shaaban, who in the past received arms from the Palestine Liberation Organization.

The militia of the Arab Democratic Party has accused the PLO of using Tripoli harbor as a route for sending supplies to loyalists of Yasser Arafat, the leader of the Palestine Liberation Organization, in other parts of Lebanon.

Diplomats have tended to regard the fighting as a proxy battle between the Syrians and Mr. Arafat, who have become bitter enemies.

The Arab Democratic Party has demanded as a key element in any peace plan that the harbor be turned over to the Lebanese army under Syrian supervision "to stop the Arafat clique from infiltrating the city with their weapons."



Moslem militiamen fire on rival Arab Democratic Party forces on Sunday from behind a sand barrier in Tripoli.

Dollar Falls on World Market As U.S. Pledges Intervention

(Continued from Page 1)
committing the Reagan administration to greater monetary cooperation, which had previously opposed intervention except under disorderly market conditions. The key phrase in a joint statement after the Sunday meeting said that "some further orderly appreciation of the main nondollar currencies is desirable," and the participants "stand ready to cooperate more closely to encourage this when to do so would be helpful."

In London, Nigel Lawson, Britain's chancellor of the exchequer, said the agreement was important because U.S. protectionist pressures were "perhaps the most damaging economic threat that the world faces at the present time."

Pierre Berégovoy, France's finance minister, said that "for the first time, we said jointly that the dollar should fall, because current exchange rates do not accurately reflect economic performance."

He called Sunday's agreement a turning point in U.S. willingness to intervene in money markets, which could help build support for starting new trade liberalization negotiations in Geneva. These are being sought by the Reagan administration.

The statement after the Sunday meeting committed the United States to continuing efforts to reduce the U.S. federal budget deficit and also committed Japan to continue liberalizing its financial markets. But government officials in Paris, Bonn, London and Brussels on Monday discounted published reports in the United States that the five governments agreed to pursue more expansionary economic policies.

Mr. Pöhl said "we were never asked" to change monetary and fiscal policy, although he added that a strengthening of the Deutsche mark will increase the room for maneuver for further cuts in interest rates in West Germany, which could stimulate investments and possibly consumption.

Earlier on Monday, amid a falling dollar and a substantial rise in the price of gold, Mr. Baker said that there had been no U.S. intervention, while West German sources said that the Bundesbank, for the first time since Feb. 20, had sold \$8 million at the morning fixing. That amount was very modest, West German sources said.

The last major attempt to curb the dollar's strength occurred last February when West European central banks, primarily in West Germany and France, spent about \$10 billion. Currency market volume is estimated at more than \$100 billion daily.

"The Group of Five deal on the dollar will finally drive the dollar bulls to the wall," said James Capel & Co., a London stockbrokerage firm, in a report Monday. It predicted that the dollar would fall to 2.60 DM and 220 Japanese yen by the end of the year.

(Bob Hagerty in London and Warren Geller in Frankfurt contributed to this report.)

Drought Hits Lourdes Source

LOURDES, France — A drought has partially dried up the source at this Roman Catholic shrine, where thousands come to seek miraculous cures attributed to the waters, the sanctuary rector said. Special baths have been closed and pilgrims have been asked to limit their consumption.

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Mubarak To Press Reagan on PLO Talks

The Associated Press

WASHINGTON — President Hosni Mubarak of Egypt was expected to renew his call for a U.S. dialogue with the Palestine Liberation Organization in meetings Monday with President Ronald Reagan and other administration officials.

Mr. Mubarak, who arrived Saturday, began a day of talks with an appeal to Defense Secretary Caspar W. Weinberger for the United States to expedite delivery of weapons. Egypt, using interest-free U.S. loans, purchases about \$1 billion in American arms annually.

An Egyptian official said the main purpose of the visit was to express to Mr. Reagan "the feeling that things have to keep moving."

The official, who requested that his name not be used, also said that Mr. Mubarak would report to the president on his talks last week with King Hussein of Jordan.

Before the White House meeting, the Egyptian leader had lunch with Vice President George Bush and met during the day with the U.S. trade representative, Clayton Ventner, and M. Peter McPheerson, the director of the U.S. Agency for International Development.

The United States is holding to its policy of refusing to negotiate with the PLO until it accepts the Jewish state's right to exist.

Britain broke ranks last week as Prime Minister Margaret Thatcher said her government would meet with two PLO officials to promote a peace plan worked out by Hussein with Yasser Arafat, the chairman of the PLO.

But a senior Reagan administration official said that that was not a guideline the United States intended to follow in pursuit of Arab-Israeli peace talks.

The Hussein-Arafat plan calls for meetings between the United States and a mixed Jordanian-Palestinian delegation before peace talks with Israel can begin. Also, the king and Mr. Arafat want the negotiations held at an international conference, with the participation of the Soviet Union.

The administration is willing to meet with Palestinians, but Secretary of State George P. Shultz has vetoed some Palestinians on a list compiled by Hussein and Mr. Arafat because the nominees were closely identified with the PLO.

Mr. Shultz also is opposed to bringing the Soviet Union into the negotiations.

Israel Protests to U.K.

Israel delivered a formal protest Monday to Britain for planned military sales to Saudi Arabia and Jordan and the offer to meet with officials of the PLO in London. The Washington Post reported from Jerusalem.

Moshe Arens, the acting foreign minister, summoned the British ambassador, William Squire, and expressed "deep displeasure" over both developments. Foreign Ministry officials said.

Yeshayahu Anug, the Israeli Foreign Ministry's assistant director-general for European affairs, said that Mr. Arens told Mr. Squire that Mrs. Thatcher's decisions represented a "deviation of policy" that would bring the Middle East closer to conflict.

Reagan Plans Trade Action

(Continued from Page 1)

ought to be greeted with considerable enthusiasm" in Congress "by responsible members of the legislative community," a senior administration official said. But, he added, "it will not satisfy the protectionists."

While much of the president's program focuses on addressing a major complaint of American businessmen that other countries do not allow them the same access to their markets that the United States allows foreigners, the administration official acknowledged that unfair trade practices by others account for no more than 10 percent to 20 percent of the trade deficit.

The overvalued dollar, attacked at a meeting Sunday of finance ministers and Central Bank heads from the five leading industrial nations, was cited as being responsible for 50 percent to 80 percent of the trade deficit, the administration official said.

U.S. Keeps Cool on Less Cash

The Associated Press

WASHINGTON — Americans saved more than \$13 billion in air conditioning costs this summer because of cooler-than-normal weather, according to a report by the National Oceanic and Atmospheric Administration. The savings were about 4 percent of the expected cost.

WORLD BRIEFS

U.S. College Entry Test Scores Are Up

NEW YORK (AP) — Scholastic Aptitude Test scores in the United States have posted their biggest gains in 22 years, led by a strong upsurge by Mexican-American and Puerto Rican students, the College Board announced Monday.

The test, which is taken by a million American high school seniors, is sponsored by the College Board, an association of about 2,500 high schools and colleges. A perfect score is 1600.

The average score in 1985 rose nine points to 906 — the largest yearly jump since 1963 when scores rose nine points before beginning a 22-year slide. But the board pointed out that the 1963 average was 980, or 74 points more than this year. Puerto Rican students had the 1985 biggest gain of any group, up 16 points to a 796 average, followed by Mexican-Americans, up 12 points to 808. Both groups still rank below the 906-point national average.

Lange Sees Thaw in Dispute With U.S.

WELLINGTON, New Zealand (Reuters) — The United States has started to show signs of flexibility in talks with New Zealand that are intended to settle a dispute over Wellington's anti-nuclear policies, Prime Minister David Lange said Monday.

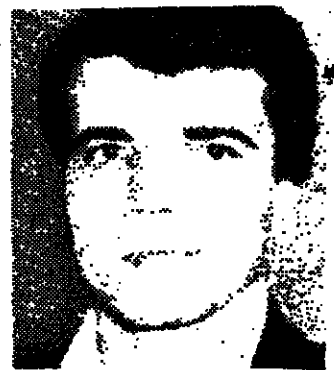
Mr. Lange said that after initial talks broke up with no apparent prospect of agreement, U.S. officials had indicated in meetings last week in Washington with New Zealand's deputy prime minister, Geoffrey Palmer, that it did not want to see relations between the two countries deteriorate further.

Relations have been strained since February, when New Zealand blocked a visit by a U.S. destroyer because the United States refused to confirm or deny whether the ship was carrying nuclear arms. That led the United States to halt most military cooperation under the ANZUS, the Australia-New Zealand-United States defense pact.

Turk in Papal Trial Is Given an Alibi

ROME (AP) — A Turkish witness for the prosecution testified Monday that Oral Celik, accused with Mehmet Ali Agca in the assassination attempt against Pope John Paul II, was watching television at their home in Vienna when the attack occurred.

"I was speaking on the phone with my brother in Turkey, and Oral was watching television in the next room," Abdullah Catli, the witness, said at the trial of three Bulgarians and four Turks charged with complicity in the shooting May 13, 1981. Mr. Celik, still at large, is being tried in absentia.



Abdullah Catli

Salvadoran Abductors Drop Conditions

SAN SALVADOR (UPI) — The kidnappers of President Jose Napoleon Duarte's daughter have dropped some of their conditions and are willing to begin negotiations for her release in return for jailed comrades, sources said Monday. The abductors had earlier demanded an end to government military operations.

The sources, who spoke on condition that they not be identified, said government representatives and the kidnappers were to communicate by radio Monday night. They said this could be the beginning of talks for the release of Inés Guadalupe Duarte Durán and a companion, who were seized Sept. 10 by gunmen here.

A group calling itself the Pedro Pablo Castillo Front has taken responsibility for the action. It reportedly belongs to one of the five factions in the Farabundo Martí National Liberation Front, the main guerrilla organization fighting the U.S.-backed government in El Salvador.

West German Doctor Defects to East

BONN (AP) — A West German physician defected to East Germany early this month and is under investigation as a spy suspect, the Federal Prosecutor's Office said Monday.

A spokesman declined to identify the doctor by name, but said that he had been working in the pharmacology research department of the university hospital in Mainz and wrote a letter to the university saying he had gone to East Germany with his 13-year-old daughter.

The spokesman declined to link the case with the wave of defections and arrests in the current West German spy scandal.

Philippines City Paralyzed by Violence

MANILA (WP) — A journalist and a policeman were among five persons shot and killed Monday at the start of a two-day general strike that paralyzed Davao City in Mindanao, 600 miles (about 1,000 kilometers) south of Manila. One person was wounded.

Radio reports in Manila said the policeman who was killed was trapped by armed men. The journalist, a pro-government magazine editor, was killed at his home. Three civilians were killed in unclear circumstances. Davao was without any public transport and stores, offices and schools were closed. The provincial capital has been described by military authorities as a testing ground for urban guerrilla warfare by the Communists.

For the Record

Arthur Scargill, president of Britain's National Union of Mineworkers, was elected Sunday president of the new International Organization of Miners.

A 21-year-old man was charged Monday in Birmingham, England, with the murder of two Asian brothers, whose bodies were found in a post office set on fire during riots in the city two weeks ago.

Finance Minister Roberto Junguito of Colombia has resigned and has been replaced by Hugo Palacios, governor of the Central Bank. President Belisario Betancur said Sunday. He said Mr. Junguito would become ambassador to France.

Three former Thai military officers alleged to have plotted a coup Sept. 9 in Bangkok apparently have given up on seeking visas to enter the United States, the State Department said Monday.

Peace talks between Uganda and the rebels of the National Resistance Army will resume Tuesday, Kenya announced Monday.

France Avoids Full Apology

(Continued from Page 1)
political left and the armed forces. Two French agents are awaiting trial in New Zealand in connection with the ship's sinking and the death of Fernando Pereira, a Portuguese-born photographer and Dutch citizen who was aboard.

The former skipper of the Rainbow Warrior, Peter Wilcox, called on France to halt its nuclear tests in the Pacific. The ship was preparing to lead a flotilla to protest the tests when it was bombed. He said compensation was not enough to rectify the death of Mr. Pereira.

Mr. Wilcox said by radio that the Greenpeace yacht had arrived Sunday at the 12-mile exclusion zone around Mururoa Atoll where French nuclear tests are conducted. Mr. Wilcox said a French naval tug was anchored nearby but that there had been no contact between the vessels.

Files Reported Destroyed

Key documents in the investigation of the Rainbow Warrior's bombing have been destroyed, United Press International reported sources close to the French government as saying Monday.

These sources said that the new defense minister, Paul Quilès, became aware Saturday that the documents had been destroyed. A day earlier Charles Hernu resigned the post amid mounting evidence of high-level French involvement in the bombing.

Mr. Quilès has asked the secret service to ensure that all documents relating to the case be "completely restored," the sources said.

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IBM

Hope Wanes for Thousands Buried in Mexico Rubble

Compiled by Our Staff From Dispatches
MEXICO CITY — Survivors of the two earthquakes that left much of Mexico City in ruins buried their dead Monday and continued their search for survivors, but hope of finding many more alive ebbed as the hours passed.

Rescue teams found several more survivors Monday in the ruins of more than 400 buildings that collapsed during the earthquakes Thursday and Friday.

The known death toll in the earthquake remained at about 3,500, but estimates of the eventual toll here and in outlying areas were as high as 20,000.

The Mexican government, after refusing help for the first two criti-

cal days of the disaster, began accepting offers of relief over the weekend.

The International Monetary Fund pledged \$800 million in credits and the Red Cross sent medical supplies and other necessities.

Rescue workers from the United States, Canada, France and West Germany continued to arrive Monday, joining their Mexican counterparts who had been working since the first quake struck Thursday.

World leaders, including Pope John Paul II, sent condolences and offers of aid.

Nancy Reagan, wife of President Ronald Reagan, arrived from Washington to inspect the damage and offer American help.

Mrs. Reagan paid a three-hour visit, carrying a letter to President Miguel de la Madrid from her husband. She was accompanied by Elliott Abrams, assistant secretary of state for inter-American affairs, and M. Peter McPherson, director of the U.S. Agency for International Development.

In Geneva, the United Nations Disaster Relief Organization announced Monday an international appeal for hospital equipment to help treat the estimated 15,000 injured.

The agency said that 28,000 persons remained unaccounted for after the quake but that many were believed to be in hospital.

Rescue teams were digging for

about 2,000 victims still believed to be trapped under collapsed buildings, it said.

Between 20,000 and 30,000 people were in need of food, clothing, medical care or shelter, the agency said.

It called for helicopters to help remove the rubble from collapsed buildings, and for 1,000 oxygen masks urgently needed by rescue teams.

Plasma was urgently needed, it said, as well as hospital supplies including surgical instruments and equipment for operating rooms.

The UN disaster relief agency noted that Mexico City's main maternity hospital had been evacuated because it was badly damaged.

About 10,000 homeless found refuge in 65 shelters opened in a university, schools and other buildings.

A U.S. Embassy spokesman said four U.S. canine teams were helping rescue teams search for 500 to 700 people believed trapped when a 12-story wing of Benito Juarez Hospital collapsed.

At the Topeka and Anabel clothing factories, just south of central Mexico City, about 70 workers remained trapped beneath massive slabs of concrete.

They could be heard moaning and pleading for help after Thursday's earthquake, but there was no organized rescue effort until Saturday. Dr. Roberto Yanez Vazquez, in charge of the rescue effort, said late Sunday that it was not known if they would find anyone alive.

Meanwhile, police reported that armed gangs masquerading as relief workers were raiding sections of the city.

Officers said Sunday night that the looters sped through roadblocks in cars marked with red crosses to pillage jewelry shops, businesses and homes left unguarded.

Mayor Aguirre Velásquez said, "We will act without mercy against such criminals since these kinds of actions are condemnable under the conditions that now exist."

Police said they had arrested more than 20 people, and troops, deployed to keep order after the city was declared a disaster zone, detained more.

Hundreds of people have flocked to the scenes of destruction, making it difficult for officers to distinguish between potential looters and the 50,000 genuine emergency workers.

The Mexican federal district attorney's office announced 1,000 newly confirmed deaths from the quake, bringing the official death toll in the capital to 2,832. Several hundred people were believed to have been killed along the Pacific coast.

(AP, UPI, Reuters)

Cultural Treasures Spared

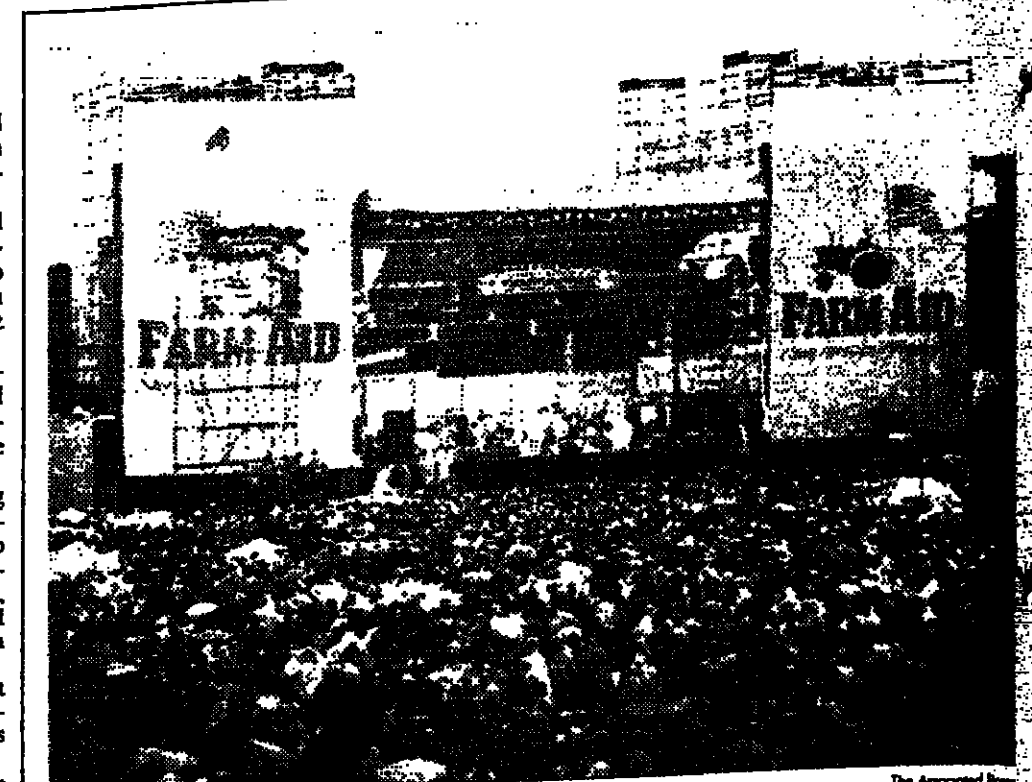
Many cultural treasures and monuments in and near Mexico City were unscathed or only slightly damaged by the two earthquakes. The Associated Press reported Monday.

The pyramids at Teotihuacan, 15 miles (25 kilometers) north of Mexico City, were untouched. The pyramids were constructed by a civilization that flourished from 300 to 900 A.D.

Mexico City's National Museum of Anthropology, which contains one of the finest collections of artifacts from pre-Columbian civilizations, survived intact.

Bellas Artes, a palace that houses an arts museum and theater across from Alameda Park in the capital's center, was also undamaged.

The Cathedral of Mexico and the nearby Templo Mayor Azteca were spared. In the city's Zocalo, or main plaza, only minor damage was apparent.



Part of the crowd of 70,000 country, rock and blues music fans at the Farm Aid concert.

Concert Raises 'Seed Money' for Farm Debt

Los Angeles Times Service
CHAMPAIGN, Illinois — In retrospect, the hayseed-and-rock-music mix that a Farm Aid crowd of 70,000 heard at the University of Illinois stadium may have been one of the most daring pop-cultural exercises since Woodstock.

From the country whine of Willie Nelson to the surf chants of the Beach Boys, a more eclectic gang of performers probably had not assembled in the area since the 1968 Democratic National Convention in nearby Chicago.

But just how the 14-hour marathon Sunday will help save 2.3 million American farmers from

their \$212 billion of debts remained unclear.

Mr. Nelson, the organizer of the Farm Aid concert, had only a sketchy notion Sunday of how the funds raised would be distributed.

The concert had generated telephone pledges of \$3 million by mid-afternoon Sunday. Promoters said the concert had also raised more than \$4 million from corporate donations, the sale of cable television rights and the sale of 78,000 concert tickets.

Governor James R. Thompson of Illinois said: "I think the nation is talking about the American farmer today. So this con-

cert has already succeeded without distributing a penny. I think maybe you'll see a little better farm bill."

This week, Congress considers a farm bill that could mean as much as \$50 billion in subsidies, loans and other aid for family farmers in the United States.

Merle Haggard, whose planned Farm Aid train was derailed due to a lack of corporate underwriting, said that he would make a train ride next April from California to Washington. He invited the more than four dozen acts who appeared on the Farm Aid stage to meet him there for a continuation of Sunday's concert.



Johnny Cash, left, and Waylon Jennings performing at the Farm Aid concert in Illinois.

Mexico Finds Blessings Amid Losses

(Continued from Page 1)

day the watchman at the Turbide Palace, now the headquarters of a bank, as saying "Not even a pen rolled off the desks here."

In a city whose history has been steamrollered by a succession of building booms and lack of urban planning, the survival of its most precious buildings is an invaluable gift.

In the midst of the week's horrors, Mexicans discovered another treasure in their own strong spirit. City residents living under the continuous strain of severe overcrowding have developed a "me-first" approach to everything from elbowing onto packed subway trains to bribing city officials for permission to build on a designated "urban green space." The earthquake put a temporary halt to all that.

An artist, Gonzalo Ceja, said Saturday: "I was beginning to lose faith even in our character. But watching people cooperate, seeing how young kids volunteer for the rescue brigades, how even children manage to direct traffic so efficiently has been like a balm."

Any analysis of the disaster's sequels in this city of 18 million has to take into account the shambles that already existed before the earthquake.

According to Mayor Ramon Aguirre Velásquez, Saturday of the quake's damage, about 800 residential and office

buildings were destroyed or were slated for demolition. Most of them were in overcrowded, working-class neighborhoods in the city's center.

Their loss will simply add to the squalid living conditions in those areas. Reconstructing the disrupted water and sewage systems will further strain neighborhoods where water is regularly hoarded against dry spells.

A spokesman for the department of the federal district, the equivalent of city hall, said Saturday that many of the water mains in the affected areas dated from colonial

times and are not charted. Simply finding the network will be a slow, costly operation.

Officials from the national phone company union said Saturday that re-establishing service would take at least two months. The equipment at the two main telephone offices downtown was irreparably damaged.

According to scientific estimates, the city's pollution results in as many as 100,000 fatal illnesses a year. The loss of Mexico's largest hospital complex, the Centro Médico, which provided advanced, free health care for thousands, could result in even more deaths than the earthquake.

For a government squeezed into a tight financial corner by a \$100-billion foreign debt, rebuilding the medical center and restoring public services will drain funds that might have been used to deal with the city's chronic problems.

There is a Mexican saying to the effect that a fallen man generally gets kicked. It was on the mind of a planning official who mentioned Saturday that one of the government buildings hit by the quake collapsed on top of the computer where much of next year's budget was being processed. "This (expensive deleted) country never gives us a break," he muttered.

But like so many of his fellow residents he was planning to report for work Monday to start all over again.

Oregon Commune Reportedly Had Bugging Network

The Associated Press

RAJNEESH PURAM, Oregon — Law officers have uncovered an extensive system of electronic surveillance at the central Oregon commune of an Indian guru, Bhagwan Shree Rajneesh, The Oregonian newspaper reported Monday.

Equipment found at Rajneeshpuram is "evidence of the most massive wiretapping and bugging episode ever in Oregon history," said state Attorney General Dave Frohnmayer, the paper reported.

Since the departure Sept. 14 of several of the guru's top aides, Mr. Rajneesh and others have made allegations of crimes ranging from wiretapping to arson at the commune of 1,200 people.

A task force of state and local police is investigating the allegations of criminal activity. Citing unidentified law enforcement officials, the newspaper said the police at first doubted many of the accusations but said enough evidence has been produced to take them seriously.

The commune's chief purchaser, Deva Avaga, said the man who bought the listening equipment had the authority to order it directly. Mr. Avaga said she did not know what it was for. "I knew that it was something that had to do with security," she said.

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JAPAN: Osaka, Tokyo

KENYA: Nairobi, Tsavo West, (Lodge)

KOREA: Seoul

KUWAIT: Kuwait

MADAGASCAR: Antananarivo

MALAYSIA: Kuala Lumpur, Penang, Jaya

MALTA: Malta

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Pretoria Plans to Move Blacks

Zulu Chief Opposes Removal of 42,000 From White Zones

Compiled by Our Staff From Dispatches

DURBAN, South Africa — A South African commission announced Monday to remove thousands of blacks from designated white areas to a reshaped Zulu tribal homeland in the eastern part of the country.

The proposal, made by South Africa's Cooperation and Development Department, drew immediate criticism from Gatsha Buthelezi, chief minister of the KwaZulu homeland, and from white political leaders and businessmen in Natal province, who said the plans would provoke serious unrest.

The South African government, amid violent protest of its apartheid policy of racial separation, announced earlier this year a moratorium on forced removals of nonwhites living in designated white zones. That decision would have to be withdrawn if Monday's recommendations are to be carried out.

The government-appointed commission announced after five years of deliberations that 42,000 blacks would be moved to KwaZulu in a process of consolidation under apartheid of geographically fragmented black homelands.

KwaZulu is one of 10 black homelands created along tribal lines by South Africa's white authorities. Four of the homelands have been declared independent by Pretoria, but are not recognized by any other government.

Chief Buthelezi, leader of South Africa's six million Zulus, has refused to have his territory declared independent, and he rejected Monday's proposal as a "prescription for disaster."

Ray Swart, Natal province leader of the Progressive Federal Party, the white opposition group, said the proposal showed the authorities were "hell-bent on the apartheid road."

KwaZulu is currently made up of four major parcels of land and 11 smaller units spread around Natal and Transvaal provinces. The proposal would add to it 942,000 acres (381,000 hectares) of Natal, including two game reserves.

The plan calls for the clearing of "black spots" — South African parlance for black residential areas in zones reserved for whites. About 500,000 blacks were moved under an earlier plan for extending KwaZulu.

Anti-apartheid groups, including the United Democratic Front and the outlawed African National Congress, have consistently rejected what they term the "balkanization" of South Africa through the homelands policy.

In Pretoria, police said seven

persons were killed over the weekend in South Africa's unrest.

(Reuters, AFP)

Angolan Action Defended

South Africa defended Monday its latest incursion into Angola and admitted that three soldiers were detained in Mozambique, Reuters reported from Johannesburg.

Radio South Africa said: "Diplomatically, it is Angola which should be in the dock for breaking faith."

The United Nations has condemned South Africa for sending troops into Angola last week in what Pretoria said was pursuit of guerrillas from South-West Africa, or Namibia. Angola said the invasion was to thwart its offensive against anti-government rebels supported by Pretoria.

In the case of the three South African soldiers picked up in Mozambique, Pretoria acknowledged that technically it had violated its peace accord with Mozambique. An army spokesman said the men had gone absent without leave 11 days ago.

South Africa said Sunday that it had pulled out the 500 troops it said it sent into Angola. On Monday, an army spokesman declined to comment on Angolan reports that a South African-led battalion was still across the border, backing rebels of the National Union for the Total Independence of Angola, or UNITA.

In Lisbon, UNITA said Monday that it had pushed back Angolan government forces during heavy

fighting north of Mavinga, in southeastern Angola.

[It appears, the Durban newspaper The Sunday Tribune said, "that the Defense Force is fighting a private war in the region," and that President Pieter W. Botha of South Africa was not being kept informed of army activities in Mozambique. The New York Times reported from Johannesburg.]

Soviet Detains Man Who Wrote Reagan a Letter

Reuters

MOSCOW — A Soviet man who wrote to President Ronald Reagan asking him to help 20 Russians join their spouses in the United States has been arrested outside the U.S. Embassy and charged with "petty hooliganism," according to his mother.

Sergei Petrov, 32, was detained as he tried to enter the embassy for a meeting with a consular officer on Thursday and was led away by two uniformed Soviet guards, witnesses said.

He was sentenced to two weeks in a labor camp, his mother said Saturday.

Mr. Petrov, a free-lance photographer, received a reply from Mr. Reagan last week in which the president said he would try to help the couples. Mr. Petrov's mother said she believed he was carrying the letter when he was arrested.

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Prime Minister Rajiv Gandhi toured Punjab on Monday with a reinforced security guard.

Car Bomb Kills 3 Hindu Children In Pre-Election Violence in Punjab

AMRITSAR, India — Three Hindu children were killed Monday in a car bombing as the election campaign in the state of Punjab neared its close. Four other bombings were also reported in the state.

The explosions, which also injured two persons, hit cars belonging to candidates or supporters of Prime Minister Rajiv Gandhi's Congress (I) Party and of the main

Sikh political party, the Akali Dal. They were set off by sophisticated magnetic bombs with timers following the detonation of a booby-trapped transistor radio that killed three persons in New Delhi on Sunday.

Police warned residents of Punjab and other parts of the country against Sikh extremist bombings before the elections on Wednesday for a new state government and 13 national Parliament seats.

On Monday the first opinion poll on the election put Mr. Gandhi's party ahead, forecasting it would capture 37 percent of the vote against 30 percent for the Akali Dal.

The wave of attacks began shortly after midnight in the western Punjab village of Dogarbat, a stronghold of Jarnail Singh Bhindranwale, an extremist leader who died when the Indian military last year stormed the shrine of the Golden Temple in Amritsar.

Police said the three children were killed when a bomb blew up an unoccupied car belonging to Sheila Dikshit, a Congress national parliamentarian campaigning for her party's candidate in the northern Punjab town of Batala.

In another attack on a leading

Congress politician, a bomb exploded in Amritsar near a car belonging to Brij Bhushan Mehra, the last speaker of the Punjab assembly.

Bombs also exploded in the constituencies of two Akali Dal politicians. The Amritsar deputy inspector general of police, Narpal Singh, said a youth who was injured when a bomb went off in his hand alerted authorities to the planned attacks before the election.

Meanwhile, two leaders of Mr. Gandhi's party have resigned from provincial posts in the past two days.

Narain Datt Tiwari, 60, the chief minister of Uttar Pradesh, gave no reason for his resignation. He quit a day after a former finance minister, Pranab Mukherjee, resigned as leader of the Congress Party in Marxist-ruled West Bengal.

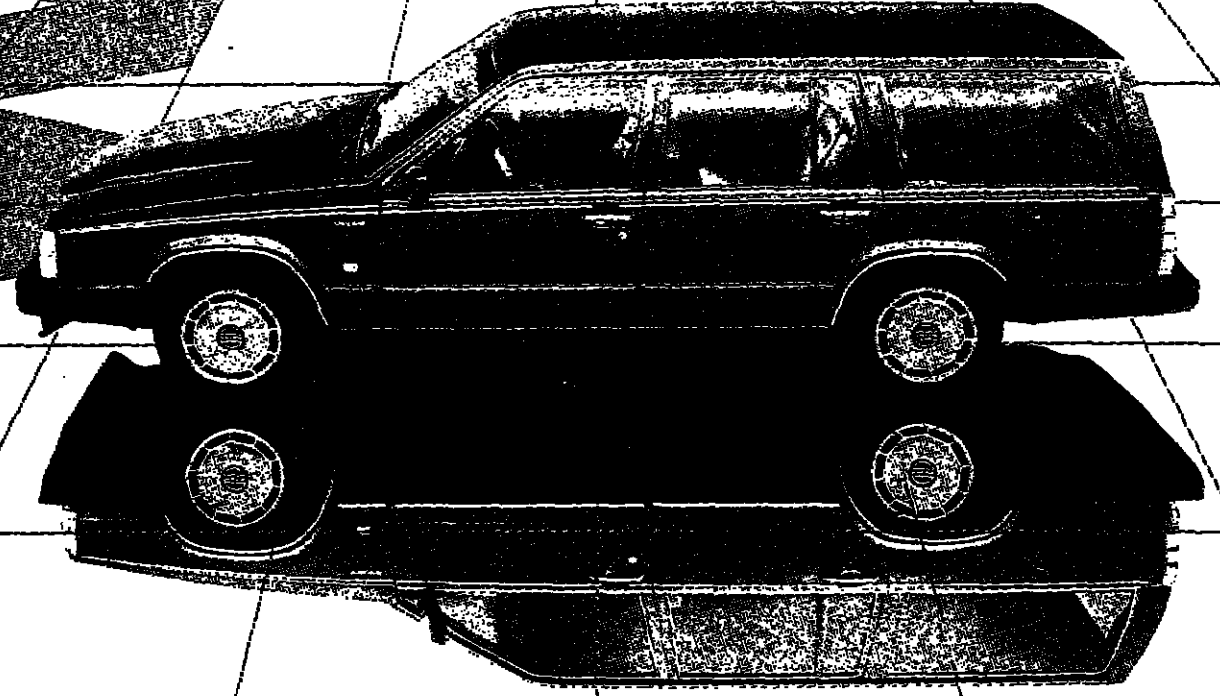
Tehran Traffic Kills 11 Daily

Reuters

TEHRAN — About 2,000 people, an average of 11 a day, have been killed by Tehran's anarchic traffic in the last six months, the Islamic Republic newspaper reported Monday.

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740 series with petrol, petrol turbo and turbo Diesel engines, with output ranging from 117 kW (ECE 82) to 147 kW (ECE 187). Surface treatment includes five

The Chronology of Events Following Ship's Sinking

July 10 — The Rainbow Warrior, a 160-foot ship belonging to the environmentalist group Greenpeace, is sunk by two explosions in Auckland, New Zealand. A crewman, Fernando Pereira, a Portuguese-born photographer and Dutch citizen, is killed.

July 11 — New Zealand police determine that the ship, which was to lead a flotilla to the Pacific atoll of Mururoa to protest French nuclear testing there, was sunk by two bombs placed on its hull.



Admiral Pierre Lacoste

July 12 — New Zealand police begin looking for a French-speaking man whom the crew of the Rainbow Warrior reported seeing near the ship before the explosions, and arrest a French-speaking man and woman with false Swiss passports.

July 24 — The man and woman, identified as Alain Jacques Turenge, 33, and Sophie Frederique Claire Turenge, 36, are charged with murder, arson and conspiracy to commit arson. A statement from the French Embassy in Wellington condemns the bombing and says that Paris was "in no way involved."

July 26 — New Zealand police issue warrants for three crew members of a French-registered yacht, the Ouvia, believed to be somewhere in the Pacific. It was chartered in the French island territory of New Caledonia and was seen leaving Auckland the day before the Rainbow Warrior was sunk.

Aug. 8 — Prime Minister Laurent Fabius announces that France has begun an official inquiry into the sinking of the Rainbow Warrior. Bernard Tricot, a respected Gaullist senior civil servant, is to lead the investigation.

Aug. 10 — The state-owned

French radio says that the two persons arrested in New Zealand were part of a Defense Ministry security team sent to collect information about the Greenpeace vessel, but that they were not involved in its sinking.

Aug. 26 — Mr. Tricot concludes his investigation, reporting that France bears no responsibility for the sinking of the Rainbow Warrior. Prime Minister David Lange of New Zealand calls the report "so transparent it could not be called a whitewash."

Aug. 27 — Mr. Fabius asks New Zealand to turn over "all the facts" it has on the case to French judicial authorities. He also says that he has ordered Defense Minister Charles Hernu to pursue an inquiry into "shortcomings" in the General Directorate of External Security, the French foreign intelligence service, that were pointed up by the Tricot report.

Sept. 17 — The French newspaper Le Monde reports that two French military divers working for the intelligence agency sank the Rainbow Warrior, and that Mr. Hernu or his top aides apparently ordered the operation or at least knew of it.

Sept. 18 — Mr. Hernu maintains that he is innocent, but ac-



Two French agents, Major Alain Mafart and Captain Dominique Prieur, who entered New Zealand as Alain Turenge and Sophie Turenge on false Swiss passports, have been charged in the Greenpeace ship's sinking.

knowledge that he authorized a team of five agents to go to New Zealand to monitor the protesters. He also says that he will be "intransigent" in his search for the truth and "pitiless" if it turns out that a member of the French government took part in the cover-up. He calls reports that French military officers took part in the bombing a campaign of "rumor, insinuation and calumny."

Sept. 19 — President Francois Mitterrand orders an overhaul of the French intelligence agency.

Sept. 20 — Mr. Hernu resigns and the head of the intelligence agency, Admiral Pierre Lacoste, is dismissed after he refuses to identify French agents sent to New Zealand.

Sept. 22 — Prime Minister Fabius admits that French agents were responsible for the sinking of the Rainbow Warrior.

Both Engines on DC-9 In Milwaukee Crash Found to Have Failed

By Richard Witkin

New York Times Service

NEW YORK — Both engines of the Midwest Express Airlines DC-9 jet that crashed in Milwaukee on Sept. 6 experienced power losses, according to government officials and a spokesman for the engine manufacturer.

Earlier, government officials had said the plane's right engine, mounted on the tail, had lost all power before the jet plunged to the ground shortly after takeoff from General Mitchell Field in Milwaukee. All 31 persons aboard died.

Now tests have shown that the plane's left engine, also on the tail, lost 20 percent of its power, the government officials said. A spokesman for the engine's maker, the Pratt & Whitney division of the United Technologies Corp., confirmed that the left engine had a power loss.

The loss of power in the second engine is considered important because such twin-engine jets are built so that a crew should be able to fly them safely even with one engine out. Government and industry engine experts suggested that the 20 percent power loss on the left engine was probably related to the complete power loss on the right engine and therefore was not an isolated malfunction. But this remained to be established in the crash inquiry.

Pratt & Whitney is the world's biggest jet-engine builder, and the jets it has turned out for the airlines have over the years established an exemplary record. Various versions of the basic JT8D engine that figured in the Milwaukee crash power more than 50 percent of all airliners made in non-Communist countries.

But recently the engine, first produced over 20 years ago, has been involved in a series of accidents. Besides the Milwaukee accident, these included the crash of a British-operated Boeing 737 in Manchester, England, last month and

seven nonfatal accidents since 1981 that were traced to turbine failures in the engine.

In the Milwaukee accident, speculation is still focusing on why the plane lost so much speed that it stalled, rolled over abruptly and crashed out of control. Put another way, why had the pilots — even after losing some power on the second engine — not been able to keep the plane above stalling speed and make a controlled landing?

"There is no evidence so far of any failure of the controls" that would account for the way the plane went down, said an official of the National Transportation Safety Board, which is in charge of the inquiry.

When board officials first arrived at the crash scene, they concluded from a quick examination that the left engine had been generating normal power when the plane hit the ground.

But in the disassembly, it was found that many of the engine's compressor blades had been badly deformed in the air and that it could have been generating no more than about 80 percent of its power at impact.

3 Foreigners Expelled For Yugoslav Pamphlets

The Associated Press

BELGRADE — An Italian, a Frenchman and a Belgian have been fined and expelled permanently from Yugoslavia after distributing politically provocative pamphlets, the Vecernje Novosti newspaper has reported.

The state-run paper said Sunday that the three had handed out pamphlets in Dubrovnik portraying an "untruthful representation of conditions" in Yugoslavia. The newspaper did not say specifically what was offensive about the handouts, which it reported were apparently the work of Italy's Radical Party, or provide any other details.

Moscow Unresponsive On Arms, Shultz Says

The Associated Press

UNITED NATIONS, New York — Secretary of State George P. Shultz accused the Soviet Union on Monday of failing to respond to what he described as "far-reaching proposals" by the United States for an arms control agreement in Geneva.

"We have offered trade-offs and made clear our readiness to take account of legitimate Soviet concerns to obtain an agreement that would enhance strategic stability and strengthen deterrents," Mr. Shultz said.

"Thus far the Soviet Union has not negotiated with a responsiveness that the talks require," he said. Among U.S. proposals at Geneva, he said, are a reduction by almost one-half of strategic ballistic missile warheads and "elimination of the whole class of U.S. and Soviet intermediate-range missiles."

"We repeatedly have stressed our readiness for give-and-take, and to consider alternative proposals," Mr. Shultz said.

His remarks were made in an address for the opening session Monday of the 40th UN General Assembly. Mr. Shultz will meet this

week in New York with the Soviet foreign minister, Eduard A. Shevardnadze.

Mr. Shevardnadze is scheduled to go to Washington later in the week to meet with President Ronald Reagan for talks regarded as important for the success of the meeting that Mr. Reagan will hold with the Soviet leader, Mikhail S. Gorbachev, in Geneva on Nov. 19 and 20.

In his UN speech, Mr. Shultz said that the United States "is working hard" to ensure that the Geneva summit meeting is productive.

He said he hoped the meeting would "give further impetus to the wide-ranging dialogue on which we both are already embarked."

"Soviet acts of good faith and willingness to reach fair agreements will be more than matched on the American side," he said.

Mr. Shultz accused Moscow of engaging in "blatantly one-sided" propaganda about Mr. Reagan's proposed Strategic Defense Initiative.

While Moscow attacks SDI, he said, it has for the past 20 years spent nearly as much on its defen-



George P. Shultz

sive programs as on its offensive forces.

He said Moscow was engaging in research in many of the same areas as Washington.

Mr. Shultz said the 1972 anti-ballistic missile treaty envisioned that limits on defensive systems would make possible real reductions in strategic offensive arms.

But he said the Soviet Union has never agreed to any meaningful reduction in offensive arms, while continuing an unprecedented military buildup, particularly of heavy intercontinental ballistic missiles with a first-strike capability.

Last Question Remains In Greenpeace Scandal

(Continued from Page 1)

and other conservative parties have always been vocal defenders of the military, which controls France's foreign intelligence agencies.

The key military figure is General Jean Saulnier, now France's chief of staff. As Mr. Mitterrand's military counselor, he authorized expenditures — reportedly more than \$500,000 — for the intelligence mission in New Zealand.

Although General Saulnier has signed a statement denying any knowledge of the sabotage plan or of the subsequent cover-up, his approval of such a sum has prompted speculation that he must have known the facts long before Mr. Fabius confirmed them Sunday. If General Saulnier is implicated, the extent of Mr. Mitterrand's personal involvement will become a matter of national debate.

This theme has emerged in the French press, which published a series of scoops about the activities of French spies that the government, after initial denials, was forced to confirm.

For Mr. Mitterrand, perhaps the most worrying aspect of the press disclosures was their source, which

appears to be mainly officials working for Pierre Joxe, minister of the interior, who is responsible for the country's police and its domestic counterintelligence agency.

This service, assigned to protect France from terrorists and Soviet spies, has often criticized French overseas intelligence operations for sloppiness.

Beyond the interservice rivalry there are hints of a clash of generations among the Socialists. With the Socialists facing the prospect of going into opposition in the coming parliamentary elections, Mr. Mitterrand is mainly concerned with finishing his term in office in 1988 with dignity. But younger militant Socialists such as Mr. Joxe, who are jockeying for position in the post-Mitterrand party, may be ready to precipitate even more political bloodletting now.

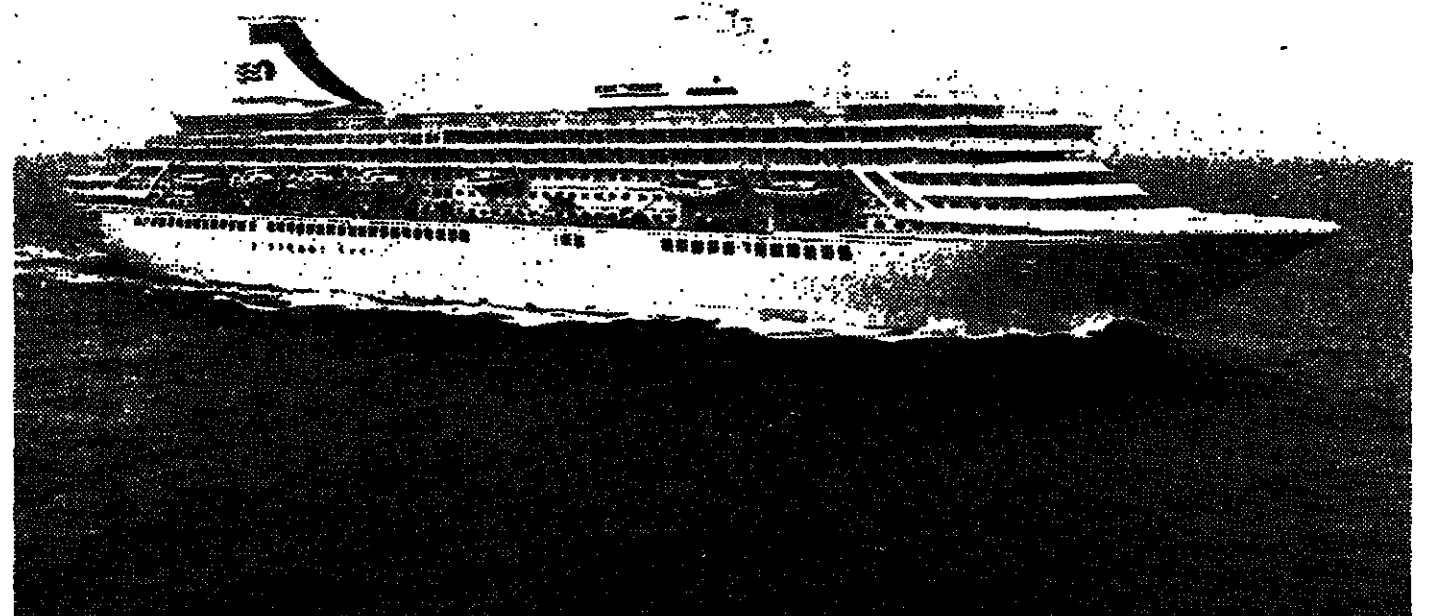
Alain Savary, who was dismissed by Mr. Mitterrand as education minister because he was too zealous in attacking conservative-supported church schools, said Monday that the French military would never have ordered the attack without checking it first "at a very high political level."

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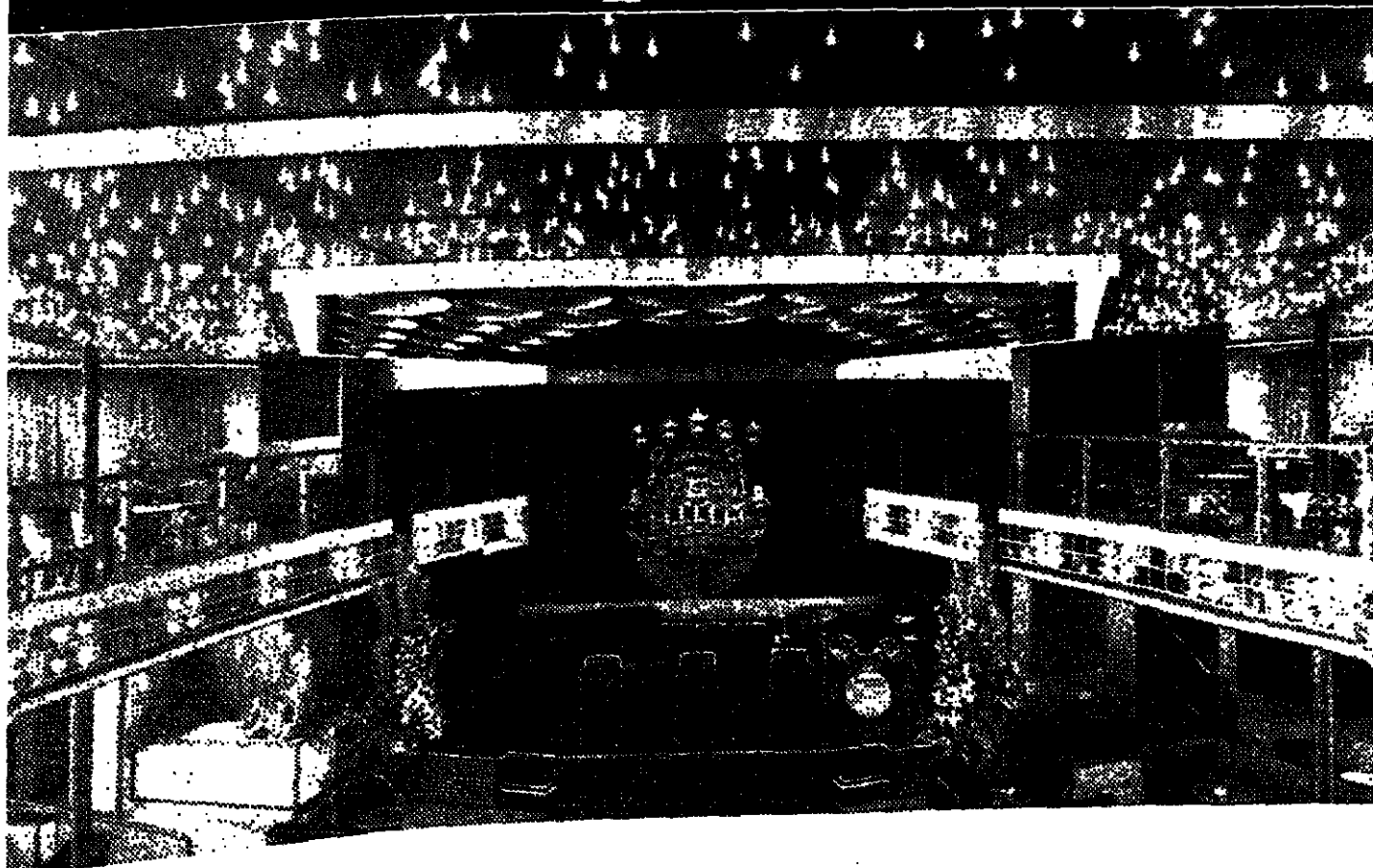
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Expulsions Are No Game

There is a tendency to regard the expulsions of all those diplomats and other personnel by Britain and the Soviet Union as a kind of tit-for-tat game that sophisticated nations play. A "score" is kept — now 31-31 — and motivations of stubbornness and pride are attributed to both sides. At the same time, explicitly in Moscow, implicitly and quite widely in the West, a certain onus is put on London for overreacting and expelling the first 25 spies fingered by the KGB London station chief who defected. It is said that the train of expulsions thus begun may have damaged relations.

But let us not forget where this train left the station. It was at Espionage Central, the typically large, bold and intrusive extravaganza that the Russians mount wherever they can. A government that was presented with formidable evidence of a huge spy nest and did not act would not deserve to hold office. Prime Minister Margaret Thatcher had it exactly right when she said, "We have eliminated the core of their subversive and intelligence operation in Britain." This is what is called the national interest. To categorize the episode as a 31-31

"draw" in expulsions trivializes this fact. East-West relations have built into them a certain tolerance for mutual espionage, one of its purposes being to minimize surprises. But the Russians, working arrogantly in open societies, go too far. It is the outlandish size and intrusiveness of their espionage program in Britain, not the uncovering and undoing of it, that assaults the principle of good relations. To put even a slight burden on the British is to turn the equities upside down. For the Russians, "good relations" means a condition in which they can practice espionage with minimal restraint. "Bad relations" is a pejorative term they wield against a Western government ready to challenge their audacity.

Margaret Thatcher called Mikhail Gorbachev a man Britain could "do business with." She meant, it seems, commercial business and general diplomatic business, and perhaps she will turn out to be right. But the best way to "do business" with him is to do hard things when you have to do them. Mrs. Thatcher did just that when she cracked down on the KGB.

— THE WASHINGTON POST.

Resisting Protectionism

A mindless stampede toward protectionism will be a one-way trip to economic disaster.

— President Reagan

The president's courageous stand against additional import restraints makes good economic sense. Protectionism would raise consumer prices and destroy as many jobs in export industries as it saves in businesses beset by imports. What has yet to be understood in Congress, notably by timid Democrats, is that resisting protectionism probably makes political sense as well.

Last spring, Washington failed to take the big step that would make American products more competitive. By sharply reducing the federal budget and Treasury borrowing, it could have reduced the demand for foreign capital and the exchange value of the dollar. Now, after that failure, the clamor for the quick fix of tariffs has swelled into a chorus. The only questions seem to be which protectionist measure will be passed first and whether Congress will override the president's veto.

The urge to curb the imbalance of exports and imports is understandable. Legislators may be able to resist individual pleas from the clothing or shoe or lumber industry. But the cumulative pleading from dozens of industries can be overwhelming. Legislators who measure the national pulse by the sentiments of lobbyists or segments of constituents, however, may still be making a political mistake. The people who take the trouble to complain are always those most directly affected. They may

be vastly outnumbered by voters with opposite, if less strongly felt, views. Opinion surveys suggest that interest groups pressing for protection do not have the public's broad support.

According to a New York Times-CBS News poll in July, 63 percent of Americans favor trade sanctions against Japan. However, only a third of these say they would stand by that judgment if it resulted in higher prices and diminished product choice. Moreover, a majority of Americans under 65 say the United States has made Japan a scapegoat on trade.

Yet congressional Democrats celebrate the president's resistance to tariffs. As a House committee drafted legislation to cut clothing imports by 40 percent, Speaker Thomas O'Neill charged Mr. Reagan with "being willing to preside over the deindustrialization of America." The president's opposition to textile restraints, some Democrats say, could cost the Republicans the South.

What they overlook is the clear risk that they and their party will continue to be seen as the agent of narrower interests, especially labor unions. If the Democrats want to regain their appeal to the pragmatic middle in American politics, let them ask how centrists feel about trade wars. Support for trade restraints appears to be weakest among voters who label themselves independent.

Walter Mondale ran as the candidate who wanted to stop the Toyota at the dock. It did not work in 1984; it probably will not in 1988.

— THE NEW YORK TIMES.

Other Opinion

Greenpeace: France Confesses

By admitting that agents of the General Directorate for External Security (France's foreign intelligence agency) sank the Greenpeace flagship, Prime Minister Laurent Fabius implicitly paid tribute to the press, which was the first to expose what those in government circles had tried to hide. President François Mitterrand has admitted that reading the papers taught him more about the affair than information from his own services. If journalists had not persisted in their investigations in Paris, Auckland, London and Nouméa [New Caledonia], responsibility for the sabotage doubtless would never have been established. The sabotage of the Rainbow Warrior became an affair of state from the moment when someone in the government deliberately hid the truth.

— Daniel Vernet in Le Monde (Paris).

It is good that the truth, or most of it, is out; but the way it was helped to emerge suggests there are some in the military apparatus who cannot stomach a democratically elected government of the moderate left. The possibility that the whole Greenpeace caper was got up to hurt the government cannot now be dismissed.

The government's only sensible course now is a complete purge of the disgraced secret service by changing its nature from a military dirty-tricks unit to a properly accountable civilian intelligence organization.

— The Guardian (London).

Why was such an elaborate operation planned, involving three of four different teams of French agents, almost any of whom, if caught, were bound to be identified as such — two of whom indeed were foolish enough to telephone the French Defense Ministry on an

open line while in the custody of the New Zealand police? The mutual suspicion between Socialist political appointees and officers fearing they would be made scapegoats must explain the unusual wealth of detail that has leaked to the press. Mr. Mitterrand emerges sorely weakened, whether or not that was the objective of anyone involved. Assuming, as one must, that he had not approved the escape, his authority has been shown to be defective in a key area of national security; and he has lost a colleague (former Defense Minister Charles Hernu), who commanded the broadest respect and might plausibly have remained in office after the expected rightist victory in the election in March. The chance of such a victory is now even greater; the chance of Mr. Mitterrand successfully "co-habiting" with the new majority significantly less.

— The Times (London).

New Criticism of the FAA

For a third time in a month, the U.S. Federal Aviation Administration has come under scathing criticism of its enforcement of air safety. The latest is a congressional report charging that the air traffic control system suffers a "diminishing margin of safety" because of staffing shortages, employee stress and fatigue and an unseasoned work force.

Even if the system was somewhat overstaffed for 1981 traffic levels, as the Reagan administration contended at the time, it is hard to believe that 2,000 fewer controllers — in a relatively inexperienced work force — can handle today's sharply increased traffic and still maintain necessary safety standards. The FAA should step up the hiring and training of controllers and tighten inspection procedures.

— The Sacramento (California) Bee.

FROM OUR SEPT. 24 PAGES, 75 AND 50 YEARS AGO

1910: Aeroplane Crosses Alps, Crashes
DOMODOSSOLA, Italy — The Alps have been crossed by an aeroplane. The hero is the young Peruvian, Señor Jorge Chávez. However, after crossing the snowy peaks and yawning gorges of Simplon Pass he was the victim of an accident in landing. Notwithstanding his failure to reach Milan, the Peruvian's exploit constitutes the greatest triumph human flight has yet recorded. M. Duray, a friend of Señor Chávez, said: "I had watched him soar above the Gondo Gorge [then] fly over Domodossola towards the landing field. From a height of 1,000 metres, Señor Chávez began a 'vol plane.' Twelve metres from the ground both wings collapsed and the machine dropped like a stone. Chávez was lying unconscious beside one of the wings. A cursory examination showed that both legs were broken."

1935: Bordeaux Gives Up on America
PARIS — "The American people are spiritual-ly ill and there is little hope of any change, except for the worse." They have no time for the fine things of life such as wine. These and other opinions were expressed at the Association of Bordeaux Wine Exporters meeting just held in Paris, during which it was decided that the United States is not interested in wine and that the association will make no further effort to sell wine to Americans. Roger Descas, president of the association, declared: "We are sad, not simply because of the loss of a market, but because of the loss of an ideal. Silk stockings, movies and autos have conquered America. They require too much money to leave scope for the refinement and culture which are necessary to appreciate the fine things of life, such as wine, grand music and fine literature."

INTERNATIONAL HERALD TRIBUNE

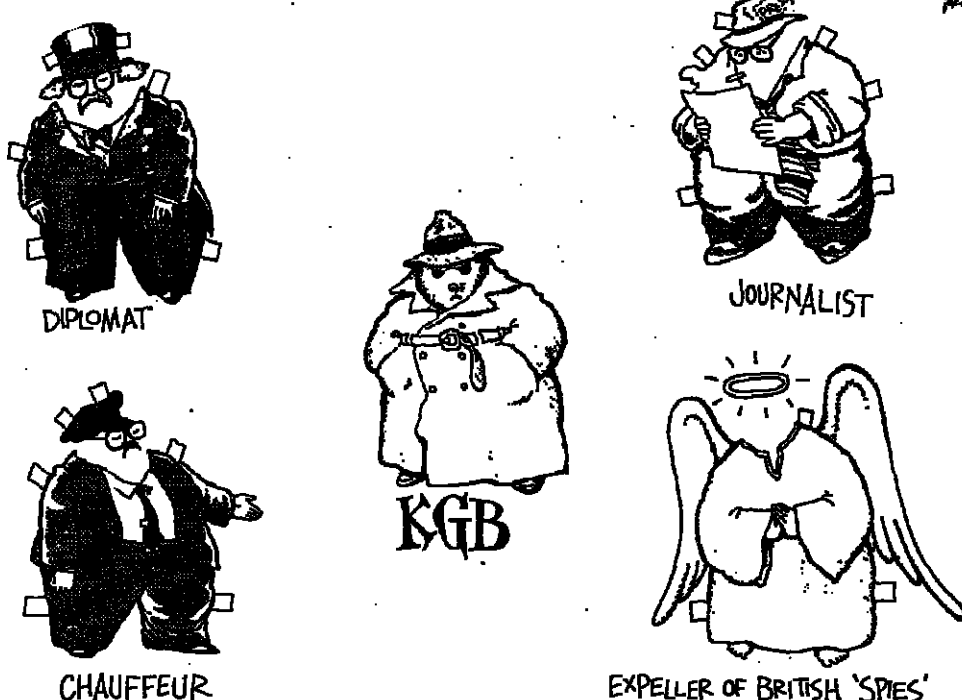
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Plugging the 'Big Ears' of the KGB

By William Safire

WASHINGTON — In the new Soviet Embassy compound atop Washington's Mount Alto, 350 feet above sea level, laser-beam listening devices are being installed by Soviet technicians. They have a clear line of sight to the White House and the Capitol. Aimed at windows, the superbugs will be able to pick up conversations in all rooms with north-facing windows.

During the Nixon administration, the National Security Agency — so secret that its initials were said to stand for "No Such Agency" — joined with the Central Intelligence Agency and the Federal Bureau of Investigation in objecting to the assignment of Mount Alto to the Russians. Somebody — nobody will say who — overrode those objections. So the Russians have a huge advantage in electronic espionage: about 70 percent of local telephone conversations in Washington will be wide open to Mount Alto's Big Ear.

What is being done about it? President Reagan has ordered millions of "secure" phones with underground lines, at huge expense, for government officials and defense contractors. That costly scrambling will quickly be overcome; moreover, the vast majority of private calls in the capital, including those that make the Russians such wizards in commodity trading, would go completely undetected in a country whose citizens are supposedly to be protected from "unreasonable searches."

The way to stop this rape of privacy is to inform the Russians that such espionage is against U.S. law

and simply make them stop it. Ah, no, say some of America's spooks: We do the same thing over there, albeit from a much less advantageous spot. If we close down their listening, they will close down ours; since theirs is a closed society, we learn a lot more about them than they do about us.

I wonder. Years ago, when the United States was secretly bugging Soviet limousine transmissions, Americans knew which marshal was seeing which prima ballerina, causing much chattering at CIA headquarters in Langley, Virginia. But that edge is gone; both sides know of the other's surveillance.

Has anyone been assigned to ask if the United States is really getting more relevant data than it is losing? Is the demeaning trade necessary? Senator Daniel Patrick Moynihan of New York has put forward the Foreign Surveillance Protection Act to slam the door, but it is opposed by the administration. That is not the only attempt to stop Soviet spying that Mr. Reagan resists. In the U.S. Embassy in Moscow, more than 200 Russians make the beds, serve the food and spy. (Not one American works for the Soviet Embassy in Washington.) The American ambassador in Moscow knows his driver is a KGB colonel.

Last March, Americans learned (probably from the Brits, who had a good KGB source) that the typewriters in the Moscow embassy were transmitting everything written to the White House directly to

the Kremlin. Of course, Russians inside the embassy service these machines. And the carcinogenic "spy dust" found in the embassy was spread by Soviet nationals to facilitate surveillance.

Representative James Courter, a New Jersey Republican, offers a bill requiring replacement of all Soviet consular by Americans in the Moscow embassy within a year. The State Department response: How about half? That would mean only the best KGB personnel would continue to make the beds. Under congressional pressure, the State Department says the central U.S. facility there will be free of Russians, but that the compound will have non-American workers.

Why? The State Department fears the Americans will be seduced and turned into spies, that they will not be as effective in getting people on the phone, that they may get in trouble or accidents. Apparently it would rather have full-time KGB agents on the premises than U.S. citizens, because — get this — such close contact keeps diplomats security-conscious and enables them to send messages by talking to the chandeliers. State also means about how hard it is to get drivers and domestic servants to work over there, but that is malarkey.

The Russians are regularly penetrating the Moscow embassy, and increasingly penetrating telephone and office conversations in Washington, and Mr. Reagan's "hard-line" administration is doing nothing about it. It may be time for rigorous congressional oversight.

The New York Times.



The Battle Has Begun for the U.S. Senate

By Tom Wicker

NEW YORK — A shift of only four seats in next year's U.S. congressional elections would give Democrats control of the Senate again, making President Reagan a considerably lame duck in the last two years of his term. It is not surprising, therefore, that knives already are being sharpened, curve balls are being thrown, and the public interest is taking a licking.

Among crucial new developments is the announcement by John P. East of North Carolina, a Republican senator cloned in 1980 from the finger-nail clippings of Senator Jesse Helms, that ill health will force his retirement. Coming on top of Senator Paul Laxalt's decision not to run again, Mr. East's decision has shaken Republican confidence for 1986.

Rumors persist, moreover, that Senator Charles McC. Mathias of Maryland, one of the last of the old "liberal" Republicans, will also retire. Mr. Mathias, who is cordially despised by the Jesse Helms-Richard Viguerie right wing, is no doubt enjoying their dilemma: They would love to be rid of him but since no other Republican is likely to win in Maryland, they need him to help keep the Senate in Republican hands.

The Washington Post, its ear ever

The Travels of Jamil (Ex-H. Rap Brown)

By George F. Will

ATLANTA — From the sun-dappled park comes the background rhythm of urban life, the slap-slap of basketballs on blacktop. Across the street, in a small convenience store, and in profound peace of mind, sits the proprietor, selling eggs and reading the Koran.

He is Jamil Abdullah Al-Amin. He is 41. He used to be H. Rap Brown. But that was long ago and, in a sense, in another country. It has been a winding and ascending path from his boyhood in Baton Rouge, Louisiana, to Atlanta's west end. The hyperkinetic human torch of urban unrest, circa 1967, is, in 1983, enveloped in a strange serenity in a city known for its hum of energy. The man who was the hammer of America, or at least of Cambridge, Maryland, has become a merchant, but with this distinction: He is, at last, really radical.

That radicalism was a short candle. It was rhetorical radicalism, elicited from young people by older flatterers and amplified by the media 18 years ago. Today, and for the long haul, Jamil is in inner emigration, out of his country and into Islam.

He burst upon the nation in the 1960s, when the social air was composed of (in the words of a Rex Stout character) "oxygen, nitrogen and odium." He succeeded Stokely Carmichael as head of the Student Nonviolent Coordinating Committee, which soon changed the second word to "National." He said the stories of things that then passed for trenchancy: "If you give me a gun I just might shoot Lady Bird." The only lasting legacy of his brief blast of prominence is an aphorism: "Violence is as American as cherry pie."

The 1960s were God's gift to con-

servatism, a decade dominated, not numerically but culturally, by over-reachers. Those years were noisy with the voices of fundamentally frivolous people feigning seriousness, people convinced that sentiment is the measure of virtue, that rhetoric is the measure of sentiment and that morality is a state of mind: I feel, therefore I am. This radicalism helped to produce two significant effects:

To give him his due, he has not been absorbed.

"backlash" candidacy of Alabama's George Wallace and the presidency of Richard Nixon.

"Many people," Jamil says, "reckon on time from the '60s. Time stopped for them then. I don't miss the '60s." Now that Brown is someone else, and quite quiet, he is, at last, impressive. He is tall and gestures slowly as he speaks, pointing with fingers that should belong to a pianist.

There are many Black Muslims in his neighborhood. The store next door sells incense and Arab-style garments. Many of his customers, including a 3-year-old seeking six eggs, wear the kind of crocheted cap he wears beneath a gray cloth. His shelves are sparsely stocked, but his customers are buying only Cheerios and milk a few dollars worth at a time and, anyway, commerce is not the point. The Koran is the point.

After inciting riots in Maryland and elsewhere and getting into a shoot-out with police in New York,

he served five years in jail. But by 1971 he had converted and had concluded that the change that matters is the one the changer can control: the soul. Democracy is less a creed than a climate of opinion. His interest is in a creed. He prays five times a day and fasts during the month of Ramadan.

The transmission of religion to the rising generation is never easy, and inoculating Muslim children in the middle of a metropolis against the temptations of American youth culture will be especially difficult. To that end he and neighbors (he has been chosen Imam of his community) are founding a religious school.

Kierkegaard said that Christianity is not glad tidings to the unserious because it seeks first to make them serious. Religion has done that for Jamil, who shows a flicker of levity only when asked if he goes to see the undistinguished Atlanta Hawks play basketball: "No, I go to see the other teams play."

Driving a Toyota van on one of the freeways that has made this city a symbol of Dixie transformed, Jamil reached behind him for a plastic carrying case, removed from it a cassette, slips it into the dashboard tape deck and the van is filled with the almost musical sound of passages from the Koran recited first in Arabic and then in English. This might seem like another example of America's amazing capacity for absorption. But to give Jamil his hard-won due, he has not been absorbed.

Members of Atlanta's large black middle class are driving all around him on the freeway. But H. Rap Brown, a boy from America's South, has become a man of a distant East.

Washington Post Writers Group.

The Greenpeace Case: Nearing a Fatal Truth?

By William Pfaff

PARIS — The Greenpeace affair became serious in France at mid-day Sept. 17. The early edition of Le Monde was then being delivered to newsstands, carrying a front-page story that blew open France's official position on the bombing in New Zealand of a ship belonging to the Greenpeace environmental group.

The French — while regretting that a man had been killed in the bombing of the ship, the Rainbow Warrior — had until then been rather smug about the affair, finding in it more titillation than cause for concern. The "nationalist frenzy" of which New Zealand's prime minister, David Lange, recently spoke was more evident in Wellington and Auckland than it was in Paris.

There is a solid popular consensus in France on the country's present defense policy, on the nuclear testing regarded as necessary to that policy, and on the legitimacy and legality of protecting the test sites in France's Pacific island possessions — from Greenpeace or anyone else.

With Le Monde's revelation that the government, or parts of it, had been lying to the French public, the affair assumed a new dimension, a political one. What Le Monde had reported, Prime Minister Laurent Fabius confirmed Sunday night: that the Rainbow Warrior had indeed been sunk by French military divers, working under orders from France's external intelligence service. Until then, the government's claim had been that while there were French agents in New Zealand, to spy on Greenpeace, France had had nothing to do with the ship's bombing.

The government now has taken up a new position: that while France was responsible for the bombing, no one in the higher reaches of government — including the president and the prime minister — had advance knowledge of the operation. Defense Minister Charles Hernu, an old friend of President François Mitterrand's who has earned the respect of the public and the military, was compelled to resign Friday after saying he was unable to determine who had ordered the bombing.

The sacrifice of Mr. Hernu accomplished nothing. The government's new position is already proving as difficult to maintain as was the original denial of responsibility. The first official investigation of the affair, carried out in August by a highly regarded former minister of de Gaulle, Bernard Tricot, merely reported what officials themselves did or did not say about what happened.

But Mr. Tricot offered two conclusions that suddenly become impor-

tant. The first is that the intelligence service, whatever it did, was acting under proper orders, wherever those orders came from. The second is that the funds for the operation were released at the highest level of state, the office of the president himself, under the authority of the chief of Mr. Mitterrand's personal military staff.

Moreover, the intelligence service, and the military hierarchy to which it is answerable, clearly are refusing to allow the political authorities of the state to put the blame on them. Hence Mr. Fabius's pains Sunday night to state that the individuals who executed the mission acted on orders "and have often in the past carried out very dangerous missions for our country."

But if the intelligence service and the military establishment were acting under proper orders — and if it was not the defense minister, the prime minister or the president who gave those orders, then who did?

We soon will know. Not only do the opposition parties and the press want to know, but too many political and institutional interests inside the government have come into conflict for the truth to be concealed. It may be a truth fatal to Mr. Fabius's government. It could be a truth fatal to Mr. Mitterrand's presidency.

The oddest thing about it all is that the charge the French people have made against their government is not that it carried out such an attack. France is a cynical nation where international politics are concerned. The crime, in French eyes, is that those responsible have made France look ridiculous before the world. They have made France seem incompetent and mendacious; and this is unforgivable.

There is a final consideration, the most serious. Why was the operation undertaken in the first place? To block Greenpeace's planned harassment of French nuclear tests, and to warn the Greenpeace activists. One more time we find ourselves with the notions of "teaching lessons" and "giving warnings" by means of stupid, unproductive acts of violence.

What official with the slightest sense of political, or of human, realities could possibly have believed that to sink a Greenpeace ship would deter the anti-nuclear movement? To sink the boat was to present the environmental group with a gold-plated public relations gift. To do it in such a way that a man was killed was worse. To tell convoluted lies about it all was simply suicidal. Those are the realities Mr. Mitterrand and Mr. Fabius now confront.

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to the political ground, even reports rumors that Senator Strom Thurmond of South Carolina will heroically yield his Judiciary Committee chairmanship to Mr. Mathias, as bait for the latter to run once more.

There would be more than poetic justice in this, since Mr. Mathias was in line for the chairmanship in 1980, only to be bulldozed aside when the more senior Mr. Thurmond shifted to Judiciary from the Armed Services Committee. Mr. Thurmond has not, however, confirmed his readiness for another leap, particularly one on behalf of Mr. Mathias.

In North Carolina, Mr. East's retirement has split that state's recently prosperous Republican Party. Mr. East and his political sponsor, the right-wing National Congressional Club headed by Mr. Helms, quickly announced their support for David Funderburk, 41, until recently the ambassador to Romania. North Carolina political buffs say Mr. Funderburk, who has never run for office, is another Helms creation.

He will be opposed in what promises to be a bloody Republican primary by Representative James T. Broyhill, dean of the state's congressional delegation and a close associate of Governor James G. Martin. Both are what once would have been called "conservatives," but they are being labeled "moderates" in recognition of their differences; often great, with the Helms-led radical conservatives.

That might seem to offer the Democrats opportunities. But their best candidate, former Governor James Hunt, took himself out of the race even before Mr. East announced his

retirement. No other Democrat seems a natural or assured choice, so a tough Democratic primary seems likely, too. In the general election, however, Mr. Reagan will not be at the top of the ticket as he was when Mr. East won an upset victory in 1980 and when Mr. Helms defeated Mr. Hunt last year.

Meanwhile, back in the Senate, the formidable Mr. Helms has maneuvered the Finance Committee, of which he is not a member, into approving a new tobacco price-support program, a subject over which the committee normally has no jurisdiction. He did it by promising not to filibuster the committee's plan to keep the cigarette tax at 16 cents per pack, as part of its deficit-reduction package. The tax had been scheduled to drop to only 8 cents on Oct. 1.

What has that got to do with politics? Well, the proposed new support plan is designed to remove a huge tobacco surplus that is threatening to bankrupt the present program. It will either save the taxpayers \$500 million or cost them \$1 billion, depending on who makes the claim, but it will please tobacco growers either way.

And though the 16-cent tax will be retained, that is better for the tobacco industry than the even higher taxes the Finance Committee rejected or the 20-cent tax the House Ways and Means Committee may yet approve.

So these actions in the Senate will not hurt and may help Republican Senate candidates next year in tobacco states such as North Carolina, Georgia, Florida and Kentucky. Never mind that with all those \$200-billion federal deficits ahead, and with cigarette taxes harmful to the public health, doubling the tax on them would make no sense.

The New York Times.

LETTERS TO THE EDITOR

China's 'Back-Stabbing'

In response to the report "U.S. Senators Assail China for 'Un Veto'" (Aug. 28) by Jim Mann:

It was good for a change to see the United States asserting itself and its interests during recent talks with mainland China. If the mainland hopes to continue profiting from its relationship with the United States, its back-stabbing in international forums must stop. Nor should the United States tolerate such behavior.

The senators were correct to voice support for Taiwan, even if it was unpleasant news to Beijing's ears. If the United States cannot protect its interests and those of its allies when dealing business with the mainland, it should not do business at all.

ELSIE MARKS, Taipei.

Autos: Europe vs. Japan

After reading the report "Fiat Auto's Head Forecasts Pact With Ford in '85" (Sept. 13), I want to protest the charge made by Robert Lutz, president of Ford of Europe Inc. Mr. Lutz "warned that EC governments who tempt Japanese automak-

ers to manufacture in their countries could find that their countries lose two or three jobs in the auto industry for every one created." But Japanese manufacturers did not voluntarily propose such overseas investments; it was the other way around.

We are, nevertheless, very aware of Europe's economic difficulties, particularly the high levels of unemployment, and Japanese investment should help by creating jobs.

Ironically, Ford Motor Co. is the only manufacturer in Europe that is considered "international." Ford cannot afford to become protectionist, even if it does buy Japanese parts.

M. SHIZUME, Director General, Japan Automobile Manufacturers Association, Paris.

Letters intended for publication should be addressed to "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

ARTS / LEISURE

Monotonous 'Song & Dance'

By Frank Rich
New York Times Service

NEW YORK — In Andrew Lloyd Webber's "Song & Dance," Bernadette Peters and the choreographer Peter Martins all but break their necks trying to entertain us. In the first act, Peters belts and sobs and shimmyes her way through a solo song cycle that runs for an hour. After intermission, Martins takes over, sending nine admirable dancers, led by Christopher d'Amboise, into a 40-minute exhibition of pyrotechnics. So why is "Song & Dance" grating (Act I) and monotonous (Act II)? No one has given Peters anything to sing about or Martins's dancers any reason to leap. Empty material remains empty, no matter how talented those who perform it.

Peters is more than talented: As an actress, singer, comedienne and all-round warming presence, she has no peer in the musical theater right now. In her half of "Song & Dance," she works so hard you'd think she were pleading for mercy before a firing squad. Yet for all her vocal virtuosity, temperamental fits and husky-toned charm, we never care if her character lives or dies, as long as she's brief about it. That character, an English hatmaker named Emma who settles in New York, is a completely synthetic, not to mention insulting, creation whom no performer could redeem.

Describing herself as "a girl who lets men take advantage," Emma devotes most of her 20-odd songs to sulking about her misadventures with various unseen men who take her to bed and then kick her into the street. The authors treat her almost as shabbily. They don't bother to examine Emma, they merely exploit her. For all the time we spend with this woman, we learn little about her beyond her sexual activities. She is an empty-headed tramp with a heart of gold.

The men who created Emma are Don Black, who wrote the lyrics used in the even drearier 1982 London version of "Song & Dance," and Richard Maltby Jr., the gifted lyricist and director ("Baby") who receives credit for providing the Broadway edition with "additional lyrics" and its "American adaptation." A few howlers aside — "Loneliness must be the worst feeling

of all" or "Show me a dream and I'll show you a nightmare!" — Maltby has injected his customary professionalism into the inept London text. But he must share the blame for perpetuating, if not accentuating, the patronizing characterization of the heroine. And why didn't he give Peters any material to capitalize on her sense of humor? The one comic song, a London holdover titled "Capped Teeth and Caesar Salad," recycles Beverly Hills jokes that had seen better days when Joan Rivers was still in college.

It's a tribute to the star, who's incapable of a dishonest moment, that Act I of "Song & Dance" doesn't earn unintentional laughs. While much of Lloyd Webber's impersonal and bombastically orchestrated music sounds like the stuff that's piped into a 747 just before takeoff, Peters does get to sing a few sprightly tunes. As is the composer's wont, the better songs are reprised so often that one can never be quite sure whether they are here to stay or are simply refusing to leave.

In Act II, Lloyd Webber provides no original music — this show is as miserly as his "Cats" is profligate — but offers variations on Paganini's A-minor "Caprice." Rachmaninoff need not worry. Lloyd Webber's main contributions to Paganini, conducted by John Mauceri, are electronic gimmicks and a rock beat. Certainly his variations have failed to inspire Martins, whose labored vision of nocturnal Manhattan fleetingly recalls "Fancy Free" and "Slaughter on Tenth Avenue" but is unlikely to join them in repertory at the New York City Ballet.

Most of the choreography is a cynical, acrobatic approximation of vintage Broadway dancing, without the repose, pacing and conviction that make the prototypes electric. To forge a shotgun marriage between the song and dance halves of the evening, d'Amboise is costumed as one of Emma's Act I lovers — a cad named Joe whose only known characteristics are his place of birth (Nebraska) and favorite color (red). A fine young dancer who as yet lacks the stage presence to drive a Broadway show, d'Amboise raises his fist joyously when it's time to applaud.



Ensemble in "Song & Dance."

Hmong Musician Keeps Tradition Alive in U.S.

By Richard Green
The Associated Press

PORTLAND, Oregon — Bua Sua Mui is carrying on a musical and spiritual tradition born thousands of years ago in south-west China.

Mua, a Hmong tribesman who aided the United States during the Vietnam War by leading Laotian villagers on military campaigns, is now waging a different kind of battle, trying to keep alive the heritage of his people.

The 70-year-old musician traveled to Washington this month to pick up a check for \$5,000 from the National Endowment for the Arts and perform at Ford's Theater. He was one of a dozen people to receive the United States' highest award for folk artists.

Mua, a shaman, or spiritual leader, of his tribe in the mountains of

Laos, fled with family members to Thailand and then to the United States in 1978.

"If we had stayed in Laos, my family and I would have been killed," Mua said through an interpreter. He said many people who had promoted the U.S. cause in Vietnam were killed after the fall of Saigon.

As a shaman in Laos, Mua was concerned primarily with the spiritual health of his village. He said his father, grandfather and great-grandfather were also shamans, healing the sick by promoting "good spirits" and dispatching "bad spirits" with music.

Mua also was used to pass along histories in the Hmong culture, which only recently acquired a written language. Hmong tribesmen were identified as being in southwest China at least as early as 225 B.C. and migrated to Laos and Vietnam in the 1800s.

The main musical instrument played by Mua is called a gong. Made of bamboo, the instrument is a woodwind that produces a high-pitched sound. Mua teaches Hmong refugees to play the instrument at schools and community events. Such performances, together with some Social Security benefits and income from his wife's work as a seamstress, support the couple and their extended family, all of whom live in one small apartment.

Jan DeWeese, a Portland music teacher, discovered Mua while putting together a community folk music festival. DeWeese has written several grant applications for Mua including the one to the National Endowment, which sent representatives to hear his music.

"It makes me happy to play the music, but it also makes me lonely for the good friends and relatives I've left behind," said Mua, who began playing the gong 55 years ago. "When I play, in a way, I am playing for them."

By teaching the young to play the instrument, Mua said, he is trying to pass along Hmong traditions that otherwise would die. He particularly wants the music to continue in marriage and death ceremonies, he said.

Though Mua said he realized that some diseases could be best treated by doctors, he believes his music can rid people of other illnesses.

"In the future I hope to agitate use music to attract good spirits and make the sick healthy again," he said.

Fashion Students Meet the Pros, Courtesy of Swiss Textile Industry

International Herald Tribune

SAINT GALLEN, Switzerland — The "Rencontre Suisse du Jeune Talent" is an interesting attempt by about 30 Swiss textile companies to bring together fashion students and manufacturers. The ambitious, \$200,000 promotion took place earlier this month at

HEBE DORSEY

this small textile center, which since the 12th century has specialized in cotton and embroidery.

Low on quantity but high on quality, Swiss textile companies had 450 outfits in the Paris couture collections in July, of which 250 came from the house of Abraham AG in Zurich. The Rencontre was presided over by Hans Georg Rhonheimer, a partner in Abraham. This was the second such gathering since 1982; another is planned for 1987.

The international forum gathered about 50 students from 16 fashion schools. Representatives of manufacturers, major retail stores and designers from several countries — especially West Germany, Switzerland and France — also attended. Among the retailers represented were Marks & Spencer of London. Italians attending included representatives of the clothing manufacturer Genny, the shoe and ready-to-wear maker Ferragamo, and Gruppo Finanziario Tessile, the manufacturer that handles Valentino and Ungaro ready-to-wear. Foreign designers attending included Janice Wainwright of London and Poppy Moren of Paris.

Moren did the commentary on the show of students' designs (using Swiss fabrics) that opened the two-day event. Most fashion schools presented three students, each bringing one design. The outfits ran the gamut from lingerie to menswear.

Many of these students have won prizes in local fashion competitions. Their clearest overall influences were Jean Paul Gaultier's wild layerings, Alexander Alaia's figure-conscious silhouette (these were the most enthusiastically received by the audience), Claude Montana's shoulders and Gianni Versace's sportswear. Japanese students from the Bunka College of Fashion in Tokyo were obviously influenced by Issey Miyake and, like him, came up with unusual fabric combinations.

The most interesting part of the meeting was discovering that there are so many fashion schools in the world, some in remote corners.

Some of the best offerings originated in the Netherlands and Los Angeles. Students from the Royal College of Art in London had the most professional hand. Those from Munich's Deutsche Meister-schule für Mode emphasized sportswear and leisure wear. Students from the Fashion Institute of Technology in New York had a fresh if not very adventurous approach. The free-wheeling Studio Berco in Paris produced the most theatrical designs; its students were distinctly under the influence of Thierry Mugler.

The meeting achieved at least one of its purposes: Many of the students were approached by professionals. Lejaby, a large French lingerie firm, talked to students from Leicester (England) Polytech-



Design by Estevan Ramos of Los Angeles fashion institute.

nic. Jetty Van Wezel, from the Arnhem (Netherlands) Akademie voor Beeldende Kunsten, talked to the Munich-based sportswear manufacturer Willy Bogner. Bogner, who also came in 1982, said he felt that, of all the students, van Wezel had the most innovative approach to sportswear. Nicola Grillo of the Domus Academy in Milan was approached by another German company, Etienne Aigner.

Estevan Ramos of Los Angeles's Fashion Institute of Design and Merchandising is a brilliant artist who could make a career in fashion illustration if nothing else. Influenced by Versace, whom he said he admired more than any other designer, Ramos had fun with witty, comic-strip-like designs that caught the attention of companies from Switzerland, Mexico and Spain. Another Los Angeles student, Heather Lawrence, who went around with hot-pink hair and pink suede chaps over lacey pantaloons, had mischievous, gypsy designs.

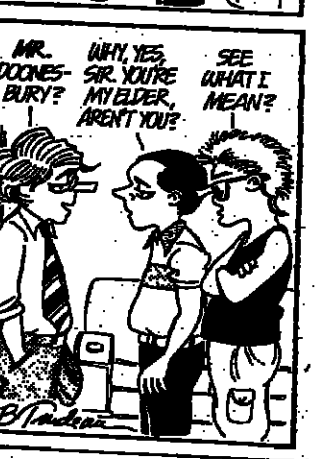
The second day of the Rencontre was devoted to speeches from fashion professionals. The designer Wolfgang Joop, a star of German fashion and a professor at the Hochschule der Künste in Berlin, talked about emotion in creation. He also raised the itchy problem of the lack of world recognition for West German designers.

Pierre Bergé, president of Yves Saint Laurent, opened with Jean Cocteau's line: "Fashion is born and dies every season." He introduced Dominique Wagniet, who will direct the Institut Français de la Mode, a Paris fashion school scheduled to open in January.

Gustav Zumbsteg, president of Abraham, an outstanding designer of couture textiles for 50 years and one who has collaborated with Saint Laurent for 25 years, spoke on "Creativity: The challenge facing the Swiss textile entrepreneur." He credited his association with artists such as Braque, Picasso and Miro for developing his creativity. Although he has a reputation for innovative changes in use of fabrics, he said: "We're only the suppliers of materials. I feel like the Paul Klee 'Tightrope Dancer' — which I own."

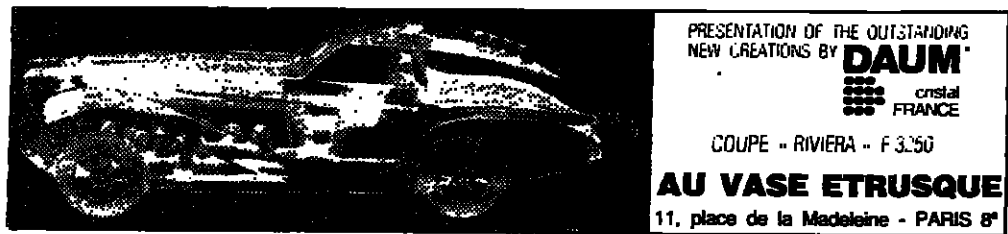
There were no awards at the Rencontre, no official recognition. The students were clearly introduced in print and in person, and, in the end, what mattered was not whether or not there was a genius among them; the most appealing

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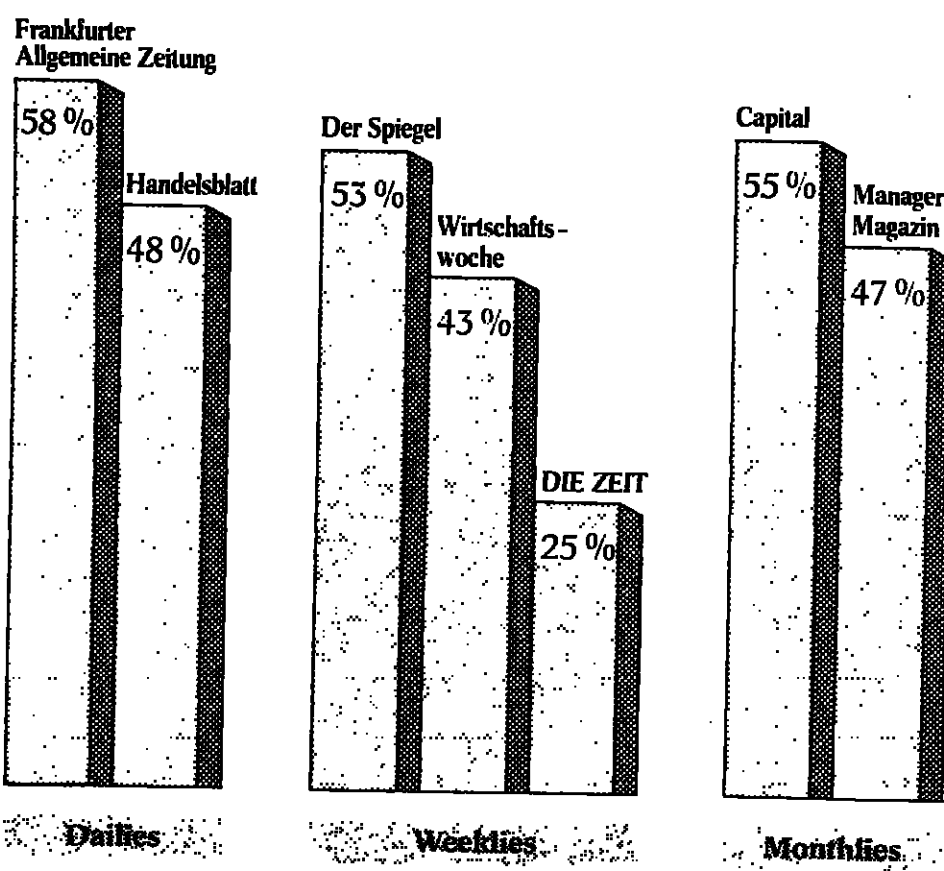
Danish Famine Benefit Said to Raise \$700,000

The Associated Press

COPENHAGEN — Organizers of a nine-hour outdoor "Rock for Africa" benefit say ticket sales, donations in a simultaneous fund-raising campaign and other revenue amounted to more than 7 million kroner (\$700,000) in famine aid.

Despite cold winds and drizzling rain at the end Saturday night, the televised gala, with top names in Danish rock performing in a soccer stadium, was attended by almost 30,000 people, including 17-year-old Crown Prince Frederik.

Frankfurter Allgemeine Zeitung ranks number 1 amongst senior businessmen in the Federal Republic of Germany



Source: The European Businessman Readership Survey 1984 (Average Issue Readership)

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Milan's Galleria Gets Its First Renovation

Reuters

MILAN — One of Milan's most distinctive landmarks, the Galleria, a glass-covered arcade housing cafés, restaurants and shops, is undergoing the first major facelift of its 118-year history.

The arcade's mosaic walkway links Milan's cathedral and La Scala opera house. Restoration work started several months ago, including the cleaning of the arcade's centerpiece, a glass dome sheltering a large hexagonal space. The project is expected to cost at least 1 billion lire (\$530,000).

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	Vol.	High	Low	Last	Chg.
AT&T	58544	21 1/4	21 1/4	21 1/4	
DowChem	14685	35 1/2	35 1/2	35 1/2	+1/4
Pfizer	14519	16 1/8	16 1/8	16 1/8	+1/4
IBM	12476	128 1/2	127 3/4	128 1/2	+1 3/4
GM	12441	62 1/2	61 1/4	62 1/2	-1/4
NYNEX	12099	25 1/2	25 1/2	25 1/2	+3/4
AmEx	10497	43 3/4	43 3/4	43 3/4	+3/4
DellComp	10267	47 1/4	46 3/4	47 1/4	+2
Pfizer	10023	49 1/2	49 1/2	49 1/2	+3/4
WestCo	9708	37 1/2	37 1/2	37 1/2	+3/4
Goodyear	9717	28 1/2	28 1/2	28 1/2	+3/4
Amtrak	9346	59 3/4	59 3/4	59 3/4	+3/4
Comcast	8793	32 1/2	32 1/2	32 1/2	+3/4
Digital	8363	112	110 1/4	111 1/4	+2 1/2
CNN	7837	30	29 1/2	29 1/2	+3/4

Dow Jones Averages					
	Open	High	Low	Last	Chg.
Indus	1313.94	1322.59	1305.76	1316.31	+ 18.37
Trans	652.15	664.44	649.64	658.01	+ 5.87
Util	163.78	164.78	162.45	163.52	+ 0.74
Comp	577.78	583.40	584.55	579.61	+ 4.68

NYSE Index				
	High	Previous Low	Close	Today's P.M.
Composite	104.36	105.29	105.29	106.50
Industrials	121.97	120.85	120.85	122.25
Transp.	104.40	103.51	103.51	104.65
Utilities	55.89	55.49	55.49	56.00
Finance	109.55	109.04	109.04	110.00

**Monday's
NYSE
Closing**

AMEX Diaries		
	Close	Prev.
Advanced	292	252
Declined	262	276
Unchanged	236	234
Total issues	790	764
New Highs	7	3
New Lows	11	14

	Week Close	Year High	Apr 2005	Apr 2006
Composite	284.35	285.44	295.38	299.00
Industrials	290.11	291.85	299.01	291.71
Finance	334.4	—	374.90	371.17
Insurance	324.37	—	338.41	276.07
Utilities	269.38	—	271.54	278.82
Banking	296.37	—	298.95	297.07
Transport	238.99	—	240.45	225.22

	Vol.	High	Low	Last	Chg.
BAT IN	11748	27 1/2	27 1/4	27 1/2	+
Worab	11610	14 1/2	15 1/4	15 1/4	+
Enab B	3554	13 1/2	13 1/2	13 1/2	+
WDG Int	3227	22 1/2	22 1/2	22 1/2	+
Ken Piv	1474	14 1/2	14 1/2	14 1/2	+
Grice	1469	10 1/2	10 1/2	10 1/2	+
Astrolac	1547	2 1/2	2 1/2	2 1/2	-
Mayflow	1421	2 1/2	2 1/2	2 1/2	-
Wickes	1411	2 1/2	2 1/2	2 1/2	-
Chico	1378	20 1/2	20 1/2	20 1/2	+
DomeP	1178	2 1/2	2 1/2	2 1/2	+
HmeG S	1114	4 1/2	5 1/2	5 1/2	-
AM Int	926	12 1/2	12 1/2	12 1/2	-
DataP	926	12 1/2	12 1/2	12 1/2	-
Hosbr S	901	30 1/2	30 1/2	30 1/2	+1 1/2

Dow Jones Bond Averages		
	Prev. Close	Today Noon
Bonds	79.62	79.57
Utilities	76.57	76.48
Industrials	82.67	82.66

Advanced	1072	733
Declined	494	794
Unchanged	443	470
Total Issues	2009	1999
New Hight	18	26
New Lows	29	22

	Buy	Sales	*Ship
Sept. 20	152,107	372,426	20.76
Sept. 19	133,831	341,253	12.23
Sept. 18	149,318	379,826	5.42
Sept. 17	139,015	371,946	1.30
Sept. 16	133,395	323,646	1.04

*Included in the sales figures

Vol. at 3 P.M.	89,570,080
Prev. 3 P.M. vol.	69,900,000
Prev consolidated close	117,664,830

Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

	High	Previous Low	Close	Today's P.M.
Industrials	205.05	202.80	202.80	205.65
Trends	168.20	165.04	165.04	167.40
Utilities	81.43	80.97	80.97	81.3
Finance	21.03	20.68	20.68	21.1
Composite	151.99	152.04	152.05	154.4

3 P.M. volume	5,760.00
Prev. 3 P.M. volume	6,040.00
Prev. cons. volume	7,800.00

AMEX Stock Index			
High	Previous Low	Close	Total P.P.
220.98	219.68	220.98	224.4

N.Y. Stocks Are Sharply Higher

United Press International
NEW YORK — Prices on the New York Stock Exchange were sharply higher late Monday in active trading.
Technology, cyclical and multinational issues advanced on news that the United States and four other nations — West Germany, France,

Although prices in tables on these pages are from the 4 P.M. close in New York, for time reasons, this article is based on the market at 3 P.M.

Britain and Japan — had agreed on coordinated efforts to lower the foreign exchange value of the dollar.

The Dow Jones industrial average was up 17.14 to 1,315.08 an hour before the close. Advances led declines by a 2-1 ratio. Volume was 91.4 million shares, down from 101.4 million in the same period Friday.

Analysts said after the declines of recent weeks, the market was primed to respond to a favorable piece of news.

"Any time the market is up, it feels great," said Jerome Hinkle of Sanford C. Bernstein. "We think it will last." Mr. Hinkle said his firm

believes the resolve of the so-called Group of Five nations cut the value of the dollar and oppose protectionism will be "extremely positive" for the U.S. economy. "Cyclical stocks will be the place to be," Mr. Hinkle said.

Hugh Johnson, head of the investment policy committee at First Albany, was more skeptical. "Wall Street is always anxious for fireworks and the meeting of the finance ministers and central bankers provided an excuse for a move up," Mr. Johnson said. "But in economics there are no solutions, only tradeoffs."

"After the initial applause, the market will get back to business as usual and focus on the underlying economic and monetary conditions here and abroad," he said. "In two or three days, the markets will come back to where they

AT&T was the most active NYSE-listed issue and up slightly.

Among other actively traded issues, Nynex was off a bit. American Express was gaining and Peabody International Corp. was ahead.

IBM was up, as were Cray Research, Burroughs, Honeywell and Sony. Digital Equipment was up sharply.

General Motors, Ford and Honda Motor Co. were all gaining.

Atom	High	Low	Stock	Div.	Yk.	Pk.	St.	100	High	Low	Close	Op.	Ch.
A													
247	16		AAR		56	25	15		224	224	224	+	+
248	16		AAR		56	25	15		224	224	224	+	+
249	16		AAR		56	25	15		224	224	224	+	+
250	16		AAR		56	25	15		224	224	224	+	+
251	16		AAR		56	25	15		224	224	224	+	+
252	16		AAR		56	25	15		224	224	224	+	+
253	16		AAR		56	25	15		224	224	224	+	+
254	16		AAR		56	25	15		224	224	224	+	+
255	16		AAR		56	25	15		224	224	224	+	+
256	16		AAR		56	25	15		224	224	224	+	+
257	16		AAR		56	25	15		224	224	224	+	+
258	16		AAR		56	25	15		224	224	224	+	+
259	16		AAR		56	25	15		224	224	224	+	+
260	16		AAR		56	25	15		224	224	224	+	+
261	16		AAR		56	25	15		224	224	224	+	+
262	16		AAR		56	25	15		224	224	224	+	+
263	16		AAR		56	25	15		224	224	224	+	+
264	16		AAR		56	25	15		224	224	224	+	+
265	16		AAR		56	25	15		224	224	224	+	+
266	16		AAR		56	25	15		224	224	224	+	+
267	16		AAR		56	25	15		224	224	224	+	+
268	16		AAR		56	25	15		224	224	224	+	+
269	16		AAR		56	25	15		224	224	224	+	+
270	16		AAR		56	25	15		224	224	224	+	+
271	16		AAR		56	25	15		224	224	224	+	+
272	16		AAR		56	25	15		224	224	224	+	+
273	16		AAR		56	25	15		224	224	224	+	+
274	16		AAR		56	25	15		224	224	224	+	+
275	16		AAR		56	25	15		224	224	224	+	+
276	16		AAR		56	25	15		224	224	224	+	+
277	16		AAR		56	25	15		224	224	224	+	+
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Sharply Higher

believes the resolve of the so-called Group of Five nations cut the value of the dollar and oppose protectionism will be "extremely positive" for the U.S. economy. "Cyclical stocks will be the place to be," Mr. Hinkle said.

Hugh Johnson, head of the investment policy committee at First Albany, was more skeptical. "Wall Street is always anxious for fireworks and the meeting of the finance ministers and central bankers provided an excuse for a move up," Mr. Johnson said. "But in economics there are no solutions, only tradeoffs.

"After the initial applause, the market will get back to business as usual and focus on the underlying economic and monetary conditions here and abroad," he said. "In two or three days, the markets will come back to where they were."

A T&T was the most active NYSE-listed issue and up slightly.

Among other actively traded issues, Nynex was off a bit, American Express was gaining and United International Corp. was ahead.

IBM was up, as were Cray Research, Burroughs, Honeywell and Sony. Digital Equipment was up sharply.

General Motors, Ford and Honda Motor Co. were all gaining.

12 Month	Stock	Div.	Yld.	PE	52 Wk. High	Low	Close	Chg.
35	Colgate	2.18	8.5		1235	307	310	+
36	Colgate	2.18	8.5		1235	307	310	+
37	Colgate	2.18	8.5		1235	307	310	+
38	Colgate	2.18	8.5		1235	307	310	+
39	Colgate	2.18	8.5		1235	307	310	+
40	Colgate	2.18	8.5		1235	307	310	+
41	Colgate	2.18	8.5		1235	307	310	+
42	Colgate	2.18	8.5		1235	307	310	+
43	Colgate	2.18	8.5		1235	307	310	+
44	Colgate	2.18	8.5		1235	307	310	+
45	Colgate	2.18	8.5		1235	307	310	+
46	Colgate	2.18	8.5		1235	307	310	+
47	Colgate	2.18	8.5		1235	307	310	+
48	Colgate	2.18	8.5		1235	307	310	+
49	Colgate	2.18	8.5		1235	307	310	+
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95	Colgate	2.18	8.5		1235	307	310	+
96	Colgate	2.18	8.5		1235	307	310	+
97	Colgate	2.18	8.5		1235	307	310	+
98	Colgate	2.18	8.5		1235	307	310	+
99	Colgate	2.18	8.5		1235	307	310	+
100	Colgate	2.18	8.5		1235	307	310	+

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The Global Newspaper.



مكذّاب الأحمال

3 Owen	1.80	3.8	10	833	49%
2 Oxford	.44	3.7	19	97	47%

BUSINESS ROUNDUP

Fiat Posts Sharp Rise In Profit for First Half

TURIN — Fiat, the Italian industrial conglomerate and automaker, on Monday announced a sharp increase in overall operating profit for the first half of 1985 and predicted full-year figures would be much better than in 1984.

The company said the group's operating profit, which does not take into account tax and debt-servicing costs, rose to 1,215 billion lire (\$625 million) in the first half of the year, a 41.3-percent increase from 860 billion lire in the like period last year.

Group sales grew 11.2 percent to 13,006 billion lire. Sales rose in all main divisions, although the biggest increase was in industrial vehicles, which saw volume advance by 19 percent, while sales in the robotics division jumped by 27 percent.

Sales of cars, which account for more than half the entire business, rose 9.8 percent to 7,462 billion lire.

the company reported. Fiat held onto its dominant position in West Europe with a 13.4-percent market share after a big surge in British sales and a buoyant performance in West Germany.

Fiat gave no net profit for the first half, but said it could confidently predict that profits for the full year would be substantially better than 1984, when net profits more than doubled from 1983 to 627 billion lire.

The first-half results confirmed that the group's intensive effort in the past five years to automate its production lines was paying increased dividends.

Group officials said that although the results showed that Fiat was outperforming most of its European competitors, its profits were still well behind major U.S. automakers, such as General Motors and Chrysler.

Hanson Trust Considers Raising Its Bid for SCM

NEW YORK — Hanson Trust PLC said in a document filed Monday with the Securities and Exchange Commission that it is prepared to make an offer for SCM Corp. "in excess of \$74 per share" under certain conditions.

The conditions include the dropping of so-called "lock-up options" in SCM's own leveraged buyout plan which provide for the sale of two SCM businesses to Merrill Lynch & Co. in the event the buyout plan is terminated.

Merrill Lynch and SCM management are partners in a \$74-per-share offer to acquire SCM.

In its filing with the SEC, Hanson said SCM advisers offered to buy 3.4 million SCM shares held by Hanson.

According to the document, Hanson responded that it was "not interested in selling" and is "prepared to pursue a business combination in excess of \$74 per share" if the lock-up options are dropped.

SCM has charged Hanson in a federal lawsuit with illegally acquiring the 3.4 million shares after dropping its earlier \$72-per-share offer.

Hanson has filed its own suit

contending that the SCM management offer is unfair to shareholders.

Separately, the SEC said Monday that it is conducting a private investigation into SCM's charge that Hanson violated federal securities laws when it purchased large blocks of SCM stock shortly after terminating its hostile tender offer.

"The commission agrees that at this early stage in the litigation, SCM has raised a serious question going to the merits of whether the Williams Act may have been violated," the SEC said in a legal memorandum submitted to the second circuit U.S. Court of Appeals.

The appeals court is considering a lower federal court's temporary order barring Hanson from acquiring any more SCM stock.

Hanson first began its tender offer for SCM stock on Aug. 21, at \$60 per share in cash.

After SCM and Merrill Lynch announced a competing plan for a leveraged buyout of SCM at \$70 a share, Hanson responded by raising its offer to \$72.

Finally, when SCM and Merrill raised their bid to \$74 on Sept. 11, Hanson announced it was terminating its bid.

Volkswagen Is Said to Want Job Reductions at SEAT

MADRID — West German car manufacturer Volkswagen is asking the Sociedad Española de Automóviles de Turismo, or SEAT, to dismiss 4,500 workers before taking a majority shareholding in the Spanish state-owned automaker, sources close to the negotiations said Monday.

They said that VW planned to sign the agreement by the end of the year but was unwilling to take on the burden of SEAT's 23,000-person work force.

A SEAT spokesman said a top-heavy payroll was one of the major factors contributing to the company's continued losses. He declined to confirm that a layoff demand had been made.

VW and SEAT signed a joint-venture agreement in 1982 under which the Spanish automaker now produces 120,000 VW vehicles a year under license. SEAT also imports VW and Audi vehicles to Spain.

Under the draft agreement VW will upgrade SEAT's production and marketing facilities, largely financed with low-cost Spanish government loans, and initially take a 51-percent stake in the company, acquiring almost all its shares by 1990 from the sole stockholder, Instituto Nacional de Industria.

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Peat Marwick Murdoch to Buy Rest of Fox Studio

LOS ANGELES — Rupert Murdoch, the publisher who bought half of 20th Century-Fox Film Corp. six months ago for \$250 million, will buy the rest of the studio from Marvin Davis, a Denver oil man, a spokesman for Mr. Murdoch said Monday.

Mr. Murdoch will pay \$325 million to Mr. Davis's holding company, TCF Holdings Inc., for the remaining 50 percent of the studio and its valuable film library.

Mr. Davis will retain TCF's stakes in resorts in Pebble Beach, California, and Aspen, Colorado, plus other real estate, including 2.7 acres (1.1 hectares) of land on the Fox property.

"The deal has been done," said

Howard Rubenstein, a spokesman for Mr. Murdoch, an Australian-born financier who recently became a U.S. citizen to overcome federal rules limiting the ability of foreigners to own U.S. broadcast properties.

Mr. Murdoch had initially sought to acquire all of Fox last year, but Mr. Davis demurred and Mr. Murdoch settled for half in March. Mr. Murdoch paid \$162 million in cash for half of TCF Holdings and also gave the studio an \$88-million advance.

Mr. Murdoch was brought in as a partner in TCF Holdings, Fox's parent, because the studio was strapped for cash because of heavy losses caused by poor showings at the box office.

However, last summer Fox had a hit movie, "Cocoon," which has grossed more than \$70 million.

For the nine months ended May 25, the company lost \$80.1 million on revenues of \$468.1 million. In fiscal 1983, the company lost \$89.7 million.

Mr. Davis and Marc Rich, a commodities trader, bought Fox four years ago for \$722 million. Mr. Davis paid about \$116 million last year to buy out Mr. Rich.

Mr. Davis and Mr. Murdoch had considered joining to buy part of Metromedia Inc., but Mr. Davis pulled out of the agreement. Mr. Murdoch went ahead alone and agreed in May to pay \$1.55 billion for six Metromedia television stations.

British Aerospace PLC confirmed that it was conducting talks with the Soviet Union on the sale of the Advanced Turboprop airliner. But a company spokesman, commenting on the figure of 1,000 planes reported by The Sunday Times, said, "We haven't talked numbers." The spokesman said a contract would take at least two years to negotiate.

Broken Hill Pty.'s managing director, Brian Loton, advised shareholders not to sell their holdings. In heavy trading last week, several brokers said that Adelaide Steamship Co. and Robert Holmes & Court's Bell Group Ltd. between them held about 14 percent of Broken Hill.

Ford Motor Co. resumed production Monday at its assembly

COMPANY NOTES

plant in Lorain, Ohio, after 5,200 members of the United Auto Workers voted to end a two-week strike over local health and safety issues.

Mostek Malaysia Sdn. a subsidiary of United Technologies Corp., said it was cutting back operations at its Penang plant because of the prolonged downturn in the semiconductor industry. Most of its output is exported to the United States.

Richardson-Vicks Inc. said Monday that it had increased to 7 million the number of its common shares it planned to repurchase in resisting a takeover offer from Unilever. It said it had repurchased about 5 million shares as of Friday.

Société Métallurgique le Nickel announced parent company net

profit of 144 million French francs (\$16.6 million) in the first half of 1985, after a loss of 67 million francs in the 1984 period. It said a decline in the market and developments in exchange rates would have an unfavorable influence on results in second half 1985.

Technip SA, the French engineering group, is to build a plant in Egypt to produce 100,000 tons of flat glass annually, under a \$107-million turnkey contract signed in Cairo.

United Parcel Service said it would begin service between the United States and Western Europe on Oct. 7. European countries served will be Belgium, Britain, France, Luxembourg, the Netherlands and West Germany.

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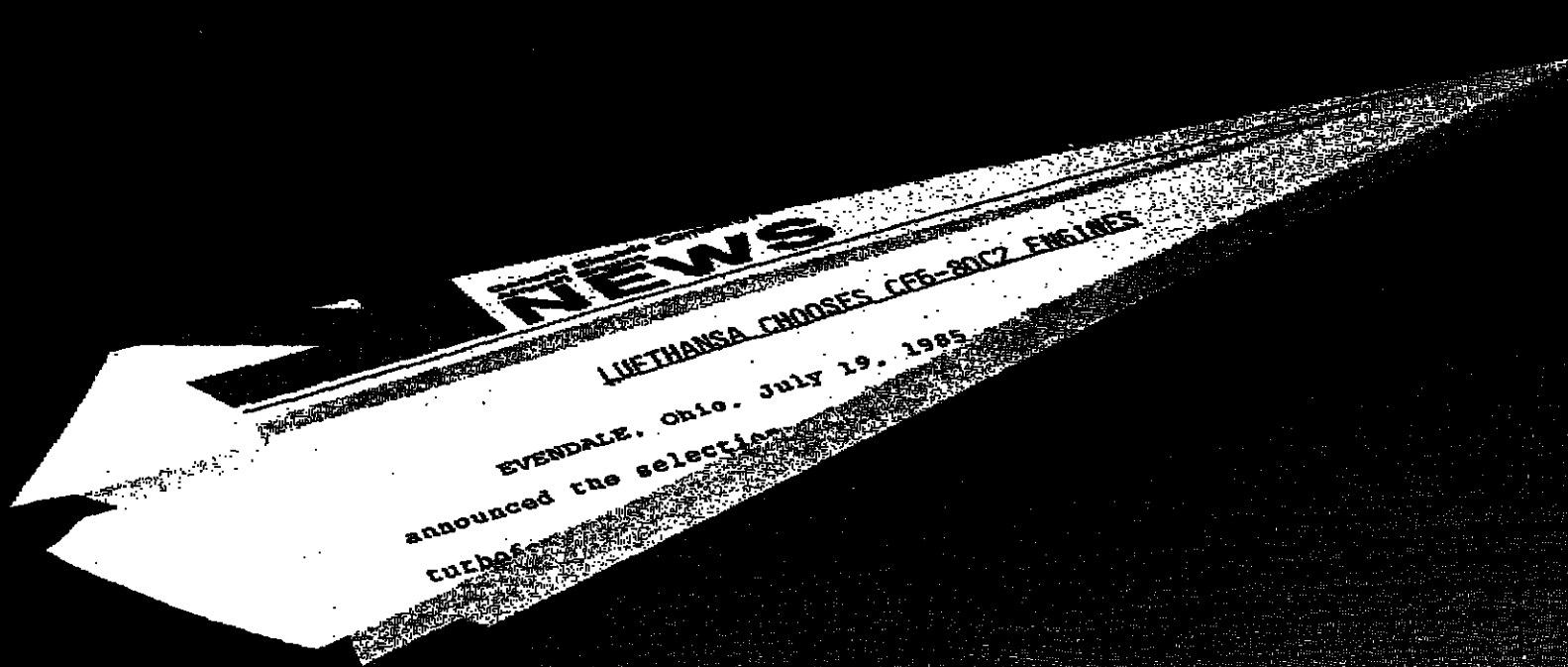
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*For Lufthansa, General Electric engines power 21 747's, 14 DC-10's, 5 A300's and 13 A310's.



IFI Istituto Finanziario Industriale

Società per Azioni
Corporate offices: 25, Via Mercurio, Turin, Italy
Capital stock Lire 104,000,000,000 fully paid
Turnover of the Company no. 327, 85/270/27

Increase of capital stock to Lire 123,500,000,000 Offer of unexercised rights

As of the end of the period for subscription to the capital increase authorized by the shareholders' meeting of June 3rd 1985 the offering was subscribed to for the 99.88%.

the unexercised rights amount to No. 129,648 granting the subscription to No. 16,206 preferred shares.

In accordance with the third paragraph of article 2441 of the Italian Civil Code, such rights will be offered for sale on the Torino Stock Exchange by the broker Dott. Franco Iotti, via S. Teresa 12, Torino, on the 24, 25, 26, 27 and 30 of September 1985.

The purchasers of the rights will be entitled to purchase two preferred shares, par value Lire 1000, at Lire 4000 each, for every 16 rights presented. The new shares will have dividend accruing from April 1, 1985.

The exercise of the rights and the payment of the new shares must take place no later than October 4, 1985 at the Company's offices via Carlo Emanuele 25, Torino.

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FOR FUN AND PROFIT
The Business Travel Column by
ROGER COLLIS
Friday in Weekend

EC Reports No Inflation For August

Reuters

LUXEMBOURG — Consumer prices in the European Community showed no monthly increase for August, the first time prices have stood still since 27 years ago, the statistics agency Eurostat said Monday.

It said the halt in monthly inflation had cut the consumer price increase in the EC to an average annual 5.5 percent last month, from 5.8 percent in July and 6 percent in August 1984.

The most successful in fighting inflation in August was Luxembourg, where prices fell 0.4 percent. Prices also dropped 0.3 percent in West Germany and 0.1 percent in Denmark. Price rose in 0.3 percent in Britain and Greece and 0.2 percent in Italy.

Annual consumer price increases were lowest in West Germany, at 2.1 percent, and the Netherlands, at 2.3 percent. At the other end of the scale, inflation was 17.8 percent in Greece.

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Manila IMF Credit Seen in Jeopardy

By Dinah Lee
Washington Post Service

MANILA — Only nine months after formal agreement on a \$67-million standby credit to rescue the Philippines economy, the International Monetary Fund is to meet this week in Washington to consider suspending those credits.

According to banking sources, the IMF may put a hold on funds due to Manila because the government of President Ferdinand Marcos has fallen out of compliance with the terms of an austerity program on which the loans were conditional. This, in turn, jeopardizes loans from the nation's commercial banks.

"There is definitely a question mark over the whole IMF standby credit now," said one Manila banker. "The only argument that may mitigate in this government's favor is its success in bringing inflation down from last year's 60 percent to only 1.5 percent for the first half of this year."

At peril is the third tranche of an IMF credit, amounting to \$106 million, and a possible delay in the second tranche of a \$92.5-million credit package, amounting to \$175 million, from the country's overseas bankers.

The banks conditioned their loans to the Philippines on its ability to get the IMF standby credit. The second tranche of the IMF loan was delayed until August, or until the IMF was satisfied the Philippines had fulfilled performance criteria set for last March. But banking sources in Manila say that "foodragging" by the government had worsened, and "the IMF may be forced to take a hard-line attitude."

In particular, the sources said, the government has allowed the country's money supply to grow about 6 percent faster than allowed under the IMF's terms and has failed to reduce government spending and increase revenue. The budget deficit is now believed to be running at double the level set by the IMF of 0.9 percent of gross domestic product, the measure of goods and services produced in the country minus income from operations abroad.

Earlier this month, Prime Minister Caesar Virata warned that complete stagnation in the economy, due to tight monetary targets, has undermined the government's ability to collect taxes. With \$26 billion in external debt, the country is experiencing its worst economic crisis since World War II.

Factories are reported to be operating at only 40-60 percent of capacity, unemployment has more than doubled in the last year, to 15 percent from 7 percent, and the number of under-employed has risen to 43 percent.

However, one banker said that IMF inspectors found during a recent visit to Manila in August that tax laws were largely not being implemented and that "only half of the assessable tax was being collected."

Moreover, the banker said, the IMF is disappointed in the lack of progress in dismantling crippling monopolies in the coconut and sugar industries, which are controlled by close associates of Mr. Marcos.

Earlier this month, the governor of the central bank suggested amendments to the law of intent under which the IMF lending operates. However, it is unclear whether his proposals were in time for consideration this week.

Thailand Scraps Rice Tax

BANGKOK — Thailand will remove its 2.5-percent tax on exports of newly harvested rice, effective around next January, a government spokesman said Monday.

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Competition Is Driving City of London to Sobriety

By Bob Hagertry
International Herald Tribune

LONDON — First came a gin and tonic, or maybe two. Then there were both white and red wines to rinse down a weighty meal featuring, say, roast lamb and soggy vegetables, followed by dessert — known as "pudding" no matter what it was — plus port or brandy, and a cigar. A few years ago this was a fairly common lunch in the City of London.

Now the three-hour, mind-fogging lunch is becoming the exception in London's financial district. Faced with growing pressure to stay alert, bankers and brokers are tending to eat lighter, drink less and rush back to their desks.

"Clearly, over the last 10 years the amount of alcohol has dropped off," said John Tysoe, who follows electronics shares as well as social trends at the stockbrokerage of Grieson, Grant & Co. "The port and brandies have completely disappeared."

It is now typical to start with orange or tomato juice, have a couple of glasses of white wine over lunch and then move straight to the coffee.

In part, the new habits are merely a local manifestation of the obsession with health that has overtaken much of Europe and North America. They also are a consequence of a transformation of London's financial district, where moves toward freer competition are scheduled to culminate late next year with Big Bang — the day the Stock Exchange will let members compete on fees rather than charge standard rates for trade in securities.

The competitive threat has pushed many brokerages and merchant banks into defensive maneuvers by top securities traders and analysts. It also has hastened the demise of the City's old, genteel ways, such as overlooking a partner's drinking problem and tolerating marathon lunches.

"Time is getting shorter for everybody," said John Robertson, senior partner at Wedd Durrant Mordaunt & Co., one of the two top jobbers, or market makers, in British securities. Mr. Robertson, whose firm is being acquired by Barclays Bank, said he usually has a working lunch and limits himself to an hour or so.

Edward Dove, a bond-fund manager at Lazard Securities Ltd., hurries back to his desk by 2 P.M. to watch the opening of the U.S. bond market on his Reuters screen. He says bond traders have it even tougher than fund managers.

"You can't have people coming back three sheets to the wind and making prices," he said. "They'd just get picked off."

Long before it was fashionable, the merchant bank of S.G. Warburg & Co. was noted for austere lunches. The bank has two sitting rooms in its executive dining rooms, one at 12:30 and the second at 1:30. Beer and cider are available; wine and spirits are served only if the guest insists.

"We use our lunches as a basis for working meetings," explained a Warburg executive. "To a large extent, the discussion is not interrupted by lunch." As for the food, the best he could say was that it is edible and presentable.

Not to be outdone, a spokesman for Kleinwort, Benson Ltd., one of Warburg's biggest rivals, said: "As far as we're concerned, lunch is very much part of the working day."

As dog eats dog in the City, some executives even resort to a sandwich at their desks. If such barbaric behavior is common on Wall Street, however, it still meets resistance on Threadneedle Street, according to Barry Phelps, who has spent 25 years in the City as a fund manager, journalist and public relations man.

He recalls having eaten at his desk only a few times in his long career. He describes it as "a horrendous idea."

Fahd Defends Saudis On Oil Output Policy

CURRENCY MARKETS

Dollar Skids 5% Against Major Currencies

LONDON. — The dollar plunged 5 percent against major currencies Monday to end at its lowest level since June 1984 in response to a decision by the top five industrial nations to force down the U.S. currency.

Dealers said markets were in turmoil with no consensus on whether the dollar's plunge was short-term, or the beginning of a real decline. Some predicted a mild recovery after the initial selling wave was over.

"It was a dash to see who could get out of their dollars fastest," said a London-based dealer for a large U.S. bank.

In London, the U.S. currency just about six cents against the British pound, nearly 14 pence against the West German Deutsche mark, 11 centimes against the Swiss franc and 40 centimes against the French franc.

"We were shocked," one Frankfurt dealer said. "Everyone knew there would be a reaction and that the dollar would come down, but I don't think anyone expected this."

Despite a slight recovery late in the session from the day's lows, the dollar closed at 15-month lows in London.

The currency ended at 2.7280 DM, down 14 pence from 2.8493 on Friday; at 8.3195 French francs, down 40 centimes from 8.6980, and at 2.2385 Swiss francs, down 11 centimes from 2.3423.

The British pound surged to \$1.4280 from \$1.3680, its strongest close against the dollar since the end of July, but it had eased from a midday level of \$1.4315.

At midday in Europe, the dollar was fixed in Frankfurt at 2.7248 DM, down from 2.8862 on Friday; at 8.245 French francs in Paris, down from 8.7990, and at 1.831.50 lire in Milan, down from 1.938.00. In Zurich, the dollar closed at 2.2315 Swiss francs, down from 2.3505 on Friday.

In London, the dollar fell to 231.80 Japanese yen from 241.29. Foreign-exchange markets were closed Monday in Tokyo for a national holiday.

The dollar's fall came the day

after finance ministers of the United States, Britain, Japan, France and West Germany met in New York and announced agreement to coordinate a weakening of the dollar.

They said the aim was to head off protectionist sentiment in the United States, fueled by the inflows of foreign imports whose prices have gone down as the dollar has strengthened.

A cheaper dollar makes U.S. products more competitive with foreign goods. But dealers said they were in a quandary as to whether Monday's plunge was just a reflex reaction to a major piece of economic news, and whether the industrial nations would follow through with concrete measures.

Although the market was clearly cowed by the prospect of massive dollar sales, several dealers said they remained adamant that intervention could be effective in the long term only if it is accompanied by fundamental economic measures.

(Reuters, AP, IHT)

Singapore Plans Wage Reforms

SINGAPORE. — The government of Singapore proposed Monday to do away with minimum pay increases and automatic seniority raises, to link incentive payments to productivity and to institute regular reviews of wage awards in an attempt to reduce labor costs.

Lee Hsien Loong, minister of state for trade and industry, said at a university seminar that the goal was to make the wage system more flexible. He said the problem at present was that "employees tend to be paid a fixed wage regardless of whether their company is doing well or poorly."

The National Wages Council, a body representing the government, employers and unions, set up 13 years ago, will no longer recommend overall wage guidelines, said Mr. Lee, son of Prime Minister Lee Kuan Yew.

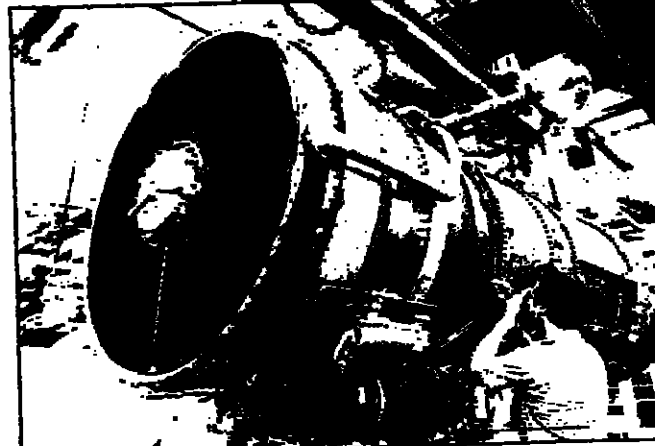
Fatal Air Crashes Raise Concern Over Engine

(Continued from Page 11)

law in the engine, although they call it highly unlikely.

"As far as finding a basic fault in the engine — no," said Selwyn D. Berson, executive vice president of United Technologies in charge of the Pratt & Whitney Group. "It's been running too long."

But he acknowledged that the possibility of a generic design flaw could not be ruled out completely. "I can't eliminate it at this time," he said.



An inspector at the Middletown, Connecticut, plant of Pratt & Whitney Group checking a JT8D-217 jet engine.

The questions about the engine come at an important time for Pratt & Whitney. Any finding of a basic defect in the engine could have enormous marketing consequences.

Even though Pratt & Whitney has developed new engines for newer generations of airplanes, such a finding could dull the engine maker's luster at a time when the outlook for orders is particularly strong and the market is highly competitive. The demand for new jet engines and spare parts is expected to exceed \$71 billion over the next 10 years, compared with \$39 billion in the previous 10 years.

The company is also expected to face large liability claims from relatives of people who lost their lives or were injured in the accidents. This could divert much of management's time.

Still Awaiting The Trade

(Continued from Page 11)

stock and other funds are guided by computer programs that depend heavily on historical price and volume data. Because all stock-index futures and options markets are a relatively new phenomenon, and largely consist of man-made indexes, such historical data may not be available for several more years.

With the banks still gathering the lion's share of foreign-exchange business, LIFFE's top executives expect their exchange will continue to depend largely on its 10 financial-futures contracts — which cover British Treasury issues, ranging from short-term bills to 20-year bonds, as well as long-term U.S. Treasury bonds and 90-day Euro-dollar interest rates.

In all, LIFFE traded 2.2 million of such financial futures in the first eight months of 1985, compared with nearly 2.6 million last year. The decline in volume largely reflected an easing of interest rates and inflation on both sides of the Atlantic during 1985, according to the exchange's officials.

THE EUROMARKETS

Focus Is on Novel Issues in Primary Sector

By Christopher Pizzey

LONDON. — The dollar-straight and floating-rate-note sectors of the Eurobond market gave up early morning gains to end little changed from Friday's closing levels, dealers said Monday.

Dollar-straight prices had risen by up to 1/2 point after Sunday's meeting of five industrialized nations in Washington. In the meeting, finance ministers agreed to cooperate closely to encourage a lower dollar. But, in the afternoon, U.S. credit markets began to ease and prices in London followed.

The secondary market did not dominate interest Monday; some novel issues were launched in the primary sector.

The U.S. Federal Mortgage Insurance Corp. made its debut on the Eurobond market with a \$100.1-million issue of mortgage participation certificates. The is-

sue, in targeted registered form, was led by Salomon Brothers International.

It has a 10 1/2-percent coupon and is priced at 100 1/4. It will pay interest and a portion of principal monthly, with the amount of principal to be repaid being published monthly. Although the formal maturity is in the year 2000, the expected prepay life is about 10 years.

The borrower recently issued a related offering in the United States that, like Monday's, is backed by multifamily mortgages.

The issue was quoted on the when-issued market at a discount of 1 1/2, compared with the total fees of 2 1/2 percent.

Another novel issue was the launching of a dollar-straight by a specially formed company, which is secured by \$102 million in the recent \$2.5-billion floating-rate note for Britain. The borrower was bearer United Kingdom Securities Ltd., with the issue paying 9 1/2 percent over three years and priced at 100 1/4.

The joint lead managers for the issue were Hill Samuel & Co., Barclays Merchant Bank Ltd. and Merrill Lynch Capital Markets.

A Barclays official said the lead managers felt the issue would be attractive to investors and added, "It's a way for investors to get 3-year U.K. paper, and that's not all that common." The issue was well bid inside its total fees of 1 1/2 percent at a discount of 1/4 percent on the when-issued market.

The other issue in the dollar-straight market Monday was a \$100-million bond for International Paper Co. The eight-year arrangement pays 10 1/2 percent and was priced at par.

It was lead managed by Morgan Stanley International. It ended at 2 1/4 percent, less than its total fees of 2 percent.

sued this month, said the accident and ensuing fire had been touched off by an explosion caused by a rupture in the outer casing of one of the combustion chambers in the plane's left engine.

Pratt & Whitney continues to monitor and test the JT8D engine, according to Ted Slaby, the company's vice president for commercial-engine programs.

An entirely different Pratt & Whitney engine was involved in problems with the U.S. military, about six years ago. Congress inquired about troubles with the engine in the F-16 fighter.

Also the F-16, powered by a Pratt & Whitney engine, began to have occasional crashes, some of them attributed to engine deficiencies. The F-16, however, has a strong safety record, and the Pentagon said most of the problems had been brought under control by the company.

Pratt & Whitney has used some of the proceeds of the JT8D to develop newer models. Under Harry J. Gray, chairman and chief executive of United Technologies, the Pratt & Whitney Group continued to spend heavily on research and development even when the engine market went through a severe recession from 1979 to 1982.

Pratt & Whitney is the only manufacturer that has developed totally new engines, including the PW2037 for the Boeing 757, the PW4000 for larger jets such as the Boeing 767 and the V2500 for the Airbus A320.

Its major competitors — General Electric and Rolls-Royce — are relying on derivatives of existing engines. They argue that such a strategy is cheaper and will give them engines that can match Pratt & Whitney's.

British Export Orders Are Down, Survey Says

By Reuters

LONDON. — Export orders secured by British companies have dropped to their lowest level in more than a year, a monthly survey of manufacturing trends by the Confederation of British Industry said Monday.

The organization said the fall illustrated difficulties posed by high British interest rates, a stronger pound and volatile exchange rates.

Monday's OTC Prices

NASDAQ prices as of 3 p.m. New York Time. Via The Associated Press

12 Month High Low 3 P.M. CHG

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